

# HALF-YEAR REPORT AND UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR H1 2023

**NUPEH CZ s.r.o.**

Identification number 077 57 662

Antala Staška 1859/34, Krč, 140 00 Prague 4

## **1. Legal basis**

The company NUPEH CZ s.r.o. presents this Semiannual Report for the six months ended 30 June 2023, prepared in accordance with the requirements mandated by Act No. 563/1991 Coll., on Accounting, as amended, and § 119 (2) of Act No. 256/2004 Coll., on Business capital market, as amended.

### **a. Corporate Information**

#### **About the Issuer**

**Business name:** NUPEH CZ s.r.o. (the "Company")

**Registration:** Commercial Register maintained by the Municipal Court in Prague, File No. C 307124

**Registered office:** Antala Staška 1859/34, Krč, 140 00 Prague 4

**Jurisdiction:** Czech Republic

**Governing law:** Law of the Czech Republic. Mainly, the Civil Code, Act No. 90/2012 Coll., on Companies and Cooperatives (Act on Business Corporations), as amended (the Act on Business Corporations), Act No. 455/1991 Coll., the Trade Licensing Act, as amended (the Trade Licensing Act) and Czech Bonds Act.

**LEI:** 3157002FXYZ444Q6BD33

**Tax ID No:** 077 57 662

**Incorporation date:** 1 January 2019

**Legal form:** Limited Liability Company

**Internet address:** [www.nupeg-cz.com](http://www.nupeg-cz.com)

**E-mail:** [info@nupeg-cz.com](mailto:info@nupeg-cz.com)

**Phone:** +420 221 710 383

#### **About the Bonds**

**Name of the Bonds:** NUPEH CZ 5,90/25

**Key info:** issued as book-entered securities due in 2025 and bearing a fixed interest rate of 5.9 % p.a.

**ISIN:** CZ0003524795

**Number of bonds:** 105,000

**Nominal value:** The Bonds were originally issued in the total nominal value of the bond issuance of CZK 1,050,000,000 and the nominal value of each bond of CZK 10,000, whereas on 30 April 2023 the Issuer partially redeemed the Bonds, as a result of which the nominal amount of each Bond was decreased from CZK 10,000 to CZK 7,900 and the total nominal value of the bond issuance from CZK 1,050,000,000 to CZK 829,500,000.

**Issue date of the Bonds:** 30 October 2020

**Date of admission of the Bonds to trading on the Regulated Market of the Prague Stock Exchange:** 30 October 2020

## **b. Financial Performance**

### **Six Months Ended 30 June 2023**

The Company's financial results for the half-year ended 30 June 2023 are set out below in Exhibit I. Total assets at the end of the reporting period stood at USD 39,292 thousand (H1 2022: USD 48,995 thousand), total liabilities equaled USD 36,663 thousand (H1 2022: USD 48,372 thousand), and net profit for the half-year ended 30 June 2023 amounted to USD 1,513 thousand (H1 2022 reported net profit of USD 391 thousand).

Since the beginning of Russia's invasion of Ukraine, the operation of all NUPEH assets has been negatively affected by the war, with some of the properties suffering physical damage. West Gate Logistic was heavily shelled and more than 90% destroyed as a result, and Piramida sustained slight damage. Although military hostilities in the Kyiv region have ceased, the risk of property damage remains in place due to the persisting threat of Russian missile strikes against civilian targets across Ukraine.

### **Future Performance**

In respect of projections for the Company's financial performance for the year ended 31 December 2023, no significant changes are being envisaged as the Company's activity is restricted to repayment of the bonds. The repayment is expected to be conducted according to schedule via redemption of the existing intragroup loan between the Company and the Parent Company.

The asset-level outlook for development of the Parent Company's business for the year 2023 is described below.

#### **Piramida**

In the short-term perspective, market activity will remain constrained by the deteriorating macroeconomic situation, declining consumers income levels, and the threat of new Russian missile attacks and possible re-escalation of military hostilities. Piramida continues to recover from the initial shock caused by Russia's unprovoked invasion of Ukraine: footfall keeps steadily increasing from month to month, yet still lagging the respective pre-war figures. Approx. 99% of tenants (based on leased area) are currently working. The management expects the upward trend to continue, our outlook is moderately positive.

#### **Eurasia and Prime**

The office real estate market, also hit by military hostilities and economic contraction, was supported by a military de-escalation in and around Kyiv starting in 2Q 2022. Following the liberation of the Kyiv region by Ukrainian forces at the beginning of April and a large number of foreign embassies announcing their return to the capital, the market saw a certain revival of business activity. Some tenants resumed their operations in Kyiv while others were cautiously exploring options to reopen their offices later in the year depending on the security situation. The utilization of diesel generators during power outages accelerated growth in the average number of daily visitors. This increase in daily visits along with a growing number of requests from prospective tenants and a reduction in discounts are the main factors allowing to project a moderately positive outlook for 2023. Both Eurasia and Prime continue to recover from the initial war shock: traffic keeps increasing, but despite the high growth rates, average daily visits are still insignificant compared to pre-war figures. In the coming months, we expect this slow recovery trend to continue.

#### **West Gate Logistic and East Gate Logistic**

Recovery of the warehouse market will depend mainly on the duration of the military conflict and subsequent economic situation in Ukraine. Due to subdued economic forecasts, rental rates are not expected to fluctuate in the short term and are likely to remain stable, being increasingly denominated in

UAH. The warehouse market demonstrated solid occupier demand despite wartime conditions. As a result of large-scale attacks by invading Russian forces against storage hubs in March 2022, ca. 21% of total warehouse stock in the Kyiv region was destroyed, according to CBRE Ukraine. Following the liberation of the Kyiv region in 2Q 2022, the security situation improved remarkably, enabling Kyiv to gradually regain its status as Ukraine's primary logistics hub. Still, some tenants looking to diversify risks considered moving their warehouse hubs, in part or in full, to western Ukraine. Nevertheless, the partial loss of the Kyiv stock due to damage inflicted in 1Q 2022, on one hand, and strong demand from tenants, on the other, created a shortage of quality warehouse space that will persist in the mid- to long run. The combination of these factors provides for moderately favorable market conditions for West Gate Logistic and East Gate Logistic in the coming months.

## **War Impact**

With the Russian invasion of Ukraine continuing for a second year, the Ukrainian army has conducted a series of gradually unfolding counteroffensive operations since June, having made initial small gains on the southern and eastern front. The fighting on the ground is currently going through an attritional stage. The Ukrainian military command, rather than prioritizing immediate territorial gains, remains focused on the preservation of own forces while taking advantage of its more accurate Western-supplied artillery and missile assets to steadily degrade Russian military capabilities and logistics by targeting Russian ground equipment on the front lines and ammunition dumps and transport hubs in rear areas. Notably, the Ukrainian General Staff reported almost 2,000 Russian artillery systems hit in the last three months (May-July 2023), or almost 40% of the total destroyed since the start of the war in February 2022. With Russian forces maintaining a defensive posture and suffering heavy personnel and equipment losses, the main phase of the Ukrainian offensive is widely seen as still being ahead. In any case, the current high intensity of the fighting is likely to continue at least until October before encountering natural obstacles from seasonally higher precipitation, which would limit maneuvers on the ground.

As of the end of July 2023, Russian forces remained in control of an estimated 109,000 km<sup>2</sup> or 18% of Ukraine, roughly the same area as at the beginning of the year but down from over 25% at the peak of the invasion in late March 2022. The Russian-occupied territory mostly comprises parts of the Luhansk and Donetsk regions in the east as well as Zaporizhzhya and Kherson regions and Crimea in the south. Approximately 40% of the area currently under Russian control was captured during the first phase of Russian military aggression in 2014-2015 (Crimea and parts of the two eastern regions).

The Russian invasion of Ukraine depressed domestic economic activity, pushing real GDP down 29.1% y-o-y in 2022. The main drivers of the slump were the partial occupation of Ukrainian territory by Russian forces, logistical bottlenecks created by Russia's sea blockade, widespread damage to fixed assets, supply disruptions, and a massive refugee exodus. Exports of agricultural products via three Ukrainian Black Sea ports resumed in August 2022 thanks to the UN-backed Black Sea Grain Initiative, helping drive initial economic recovery in 3Q22. However, Russian attacks on the domestic energy infrastructure starting in October 2022 caused widespread blackouts and dampened economic activity again.

Economic activity turned on a sequential upward trend in early 2023 as nationwide power supplies stabilized thanks to quick repairs on the damaged energy equipment, favorable weather, and restoration of power imports. Also, the external environment for steel and iron ore improved, while domestic inflation and devaluation expectations subsided, triggering a recovery in household consumption. Real GDP rose by 2.4% q-o-q s/a in 1Q23 following a 4.7% drop in 4Q22, while the rate of y-o-y decline narrowed to -10.5% from -31.4% y-o-y in 4Q22 thanks primarily to a comparison base effect. Available high-frequency indicators suggest that economic activity remained on the rise in 2Q23, though signs of flatter emerged in May-June, reflecting a weaker external environment for steel and iron ore producers, intensified Russian missile attacks across Ukraine, and the adverse impact of Russia's destruction of the Kakhovka dam. The NBU's PMI-type index peaked at 51.5 in April 2023, the highest wartime level, and hovered around the neutral level of 50 in May and June.

Massive financial support from IFIs and Ukraine's other foreign partners provided a lifeline for the

government, helping it finance a much wider budget deficit and support the external position. Ukraine received \$32bn of budgetary support in 2022, including \$14bn or 44% of the total in grants and the rest in loans on highly concessional terms. Foreign partners and IFIs are on track to provide \$43bn of budget support this year, with 26% of this amount being grants. The IMF was instrumental in soliciting the necessary amount of financial aid and ensuring its regular disbursement. As the Ukrainian government remained fully functional and has successfully navigated the economy through unprecedented challenges, the IMF approved a \$15.6bn four-year Extended Fund Facility (EFF) program for Ukraine on Mar. 31, after changing its policies to be able to provide financing in an extremely uncertain environment. The EFF program forms part of a four-year financial support package that would amount to \$115bn in a baseline scenario and \$140bn in a downside scenario.

The official exchange rate of the hryvnia to the U.S. dollar has been fixed since day one of the Russian invasion, supported by tight controls on capital and current account transactions, including a ban on repatriating dividends and restrictions on principal and interest payments on external debt. After devaluing the official exchange rate by 20% in July 2022, to UAH 36.6:USD, in response to mounting currency pressures, the NBU has since successfully maintained the peg thanks to intensified foreign aid inflows and additional measures intended to curb F/X demand, including a 15pp hike in the key rate, to 25%, and fine-tuning of capital controls. Responding to these measures and supported by positive seasonality, the spread between the official and cash market exchange rates almost disappeared in 1H23 and capital outflows subsided, enabling the NBU to cut net F/X sales to c. \$2.0bn in May-June, from \$3.0bn on average during the winter months. In the meantime, foreign aid inflows to the budget averaged \$3.9bn per month in 1H23, up slightly from \$3.7bn in 2H22 and much higher than \$2.4bn in the first four months of the war. Overall, Ukraine received \$23.7bn of foreign budget support in 1H23, while NBU F/X sale interventions totalled \$12.3bn. Thus, the central bank's international reserves surged by 37% in 1H23, to a new all-time high of \$39bn as of end-June. As of end-July NBU lowered the key rate to 22% and allowed servicing all new external loans and repaying principal for loans longer than three years with some restrictions.

During 2Q 2023, the commercial real estate market demonstrated further adaptation to wartime conditions, experiencing no power outages, as opposed to the previous two quarters, but facing intensified Russian missile attacks, especially in May and June. Most tenants and landlords focused on ensuring security and uninterrupted operations, while improving industry fundamentals manifested themselves in a declining number of rent discounts granted to tenants.

Building on the previous quarter's trend, the retail sector continued to display strong fundamentals in 2Q 2023 despite more severe missile attacks. Consumer inflation continued to slow, falling to 12.8% in June from 21.3% in March, while the NBU revised its year-end inflation forecast to 10.6% from 14.8%. Despite consumers continuing to face challenging conditions, the slowdown in consumer inflation helped stabilize consumer expectations and prevent demand shrinkage. In 2Q 2023, footfall in Kyiv shopping centres was ca. 10-25% below pre-war levels, recovering from a massive drop of 70-80% in March 2022. In western Ukraine, shopping malls returned to pre-war levels after experiencing a milder decline of 30-40% in March 2022. While most international retailers had reopened their existing stores in the previous quarters, in 2Q Polish fast fashion retailer LPP announced plans to expand with 10 new stores in safer regions of the country. At the same time, H&M, Inditex, and IKEA remained closed. Fewer tenants were awarded discounts to the base rent as a result of improving footfall and retail turnover throughout 2Q. In Kyiv, ca. 15-25% of tenants enjoyed individual discounts to the pre-war base rent of 15-30%.

The office market remained sensitive to wartime challenges during 2Q 2023, with business centres' attendance levels remaining steady and seeing no significant improvement compared to 1Q. The National Bank's PMI-type index of business expectations hovered slightly above its neutral level of 50 points, at 50.8 in June compared to 49.5 in March. Occupier demand for office space remained subdued as cost-cutting and optimization remained the primary focus. At the same time, security was the primary concern for most office occupiers looking to relocate. Most enquiries for offices looked for the availability of bomb shelters or underground parking, proximity to the subway, remoteness from critical infrastructure facilities, and availability of power generators to ensure uninterrupted business operations during potential black-outs in the coming winter. The average market vacancy rate stood at 26.4% in 2Q 2023, reflecting

stagnant leasing activity limited to relocation or space optimization. The large volume of available vacant space for tenants weighted heavily on rental rates. Landlords continued to provide rental discounts, payment deferrals, and rent-free incentives in order to keep up their occupancy.

The warehouse market continued to demonstrate the highest resilience in wartime. Demand for warehouse space remained robust and mostly unchanged in 2Q 2023. Annual warehouse space take-up amounted to 30,000 square meters as of the end of June, with retail, logistics, and industry accounting for the bulk of the demand for warehousing facilities. No new warehouse properties have entered the speculative market since the beginning of the year, with the total stock remaining unchanged at 1.4 million square meters as of the end of 2Q 2023. The average vacancy rate dropped to 2% (-2pp YTD) over 2Q 2023. As the market adapted to wartime conditions and the shortage of quality storage space became more evident, landlords grew very reluctant to provide rental discounts in 2Q 2023, with most tenants paying the full base rent and OPEX in line with their lease agreements. UAH-based rent rates for ambient warehouses remained unchanged, ranging from UAH 120 to UAH 150 for professional stock.

### **c. Ownership and Control**

NUPEH CZ s.r.o. is the financial arm of NEW UKRAINE PE HOLDING LIMITED ("NUPEH", or the "Parent Company") with its registered office at 16 June 1943 Street, Building No. 9, Office 202 area A, 3022, Limassol, Cyprus. The Parent Company does not own any debt securities issued by the Company.

The main activity of the Company includes providing financial means acquired through the issue to the affiliates in NUPEH Group by means of loan, credit facility or other forms of financing. The Company does not currently perform any other activities.

NUPEH CZ s.r.o. is owned by NUPEH, which holds shares representing 100% of the Company's registered capital and voting rights. The Company is therefore directly controlled by the NUPEH, which is part of the group consisting of NUPEH and its subsidiaries ("Group"), as shown in Scheme 1 below. The Company does not have a foreign branch. The Company does not follow special policies which would prevent the abuse of control of the Company by the Parent Company. The Company follows the rules and measures stipulated by applicable regulations and believes that this is sufficient. The Company is not aware of any arrangements, which may, at a subsequent date, result in a change of control over the Issuer. Mr. Tomáš Fiala, a citizen of the Czech Republic, born on 13 May 1974 (hereinafter referred to as the "UBO"), acts as Ultimate Beneficial Owner of the Company as stated in Article 4 of the Report on Relations.

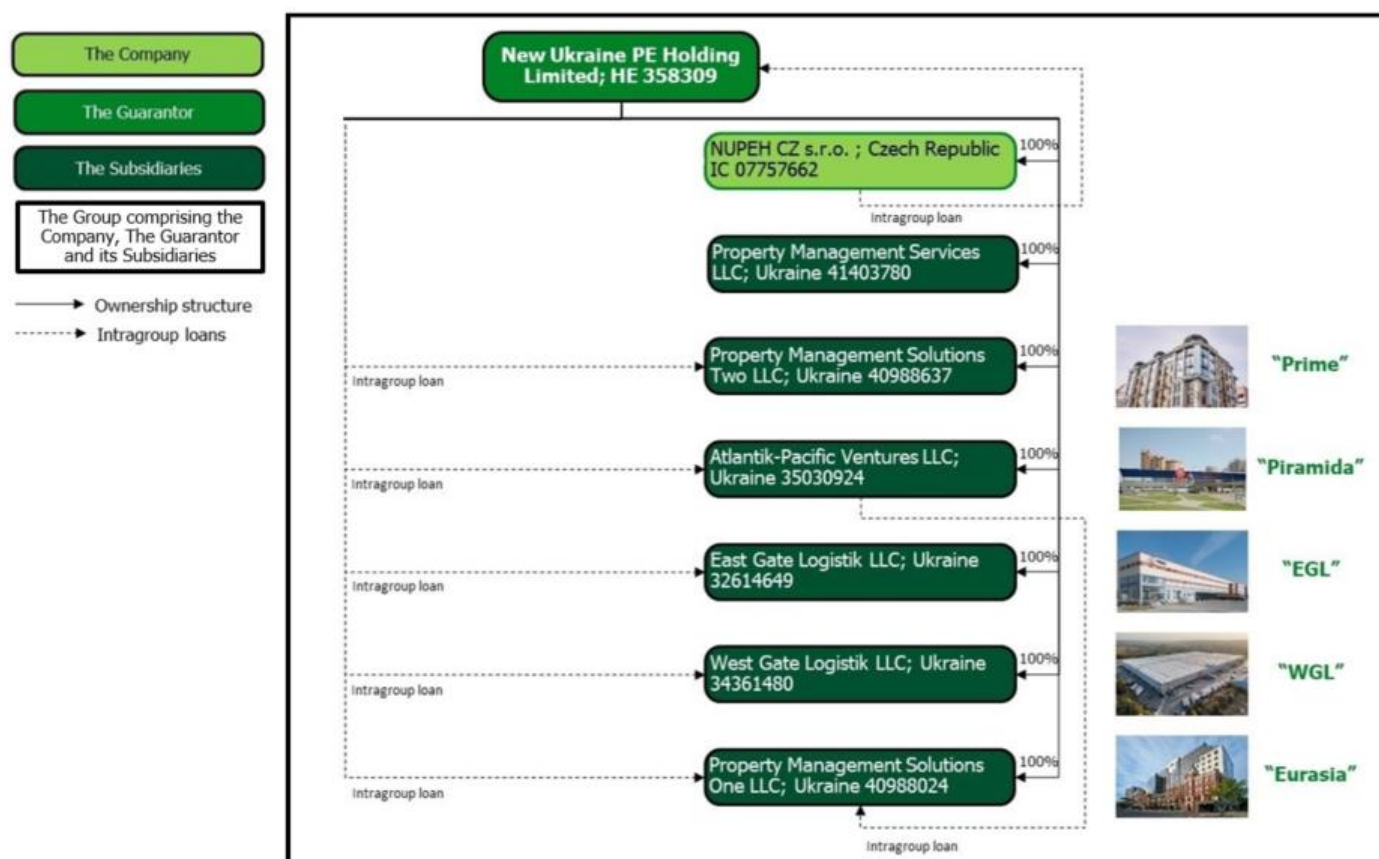
NUPEH is a holding company, established to manage a portfolio of five commercial real estate assets, all of which are located in the Kyiv region of Ukraine. As at the date of the publication of the 2023 Half Year Report of NUPEH CZ s.r.o. (the "Half Year Report"), NUPEH's investments were represented by the following projects::

- Piramida: a shopping centre with a gross leasing area of 15,935 square meters (to be expanded to 20,317 square meters upon completion of reconstruction);
- East Gate Logistic: an A-class warehouse with a gross leasing area of 49,027 square meters;
- West Gate Logistic: an A-class warehouse with a gross leasing area of 7,316 square meters and associated land plot of 15 ha;
- Property Management Solutions One: A-class business center Eurasia with a gross leasing area of 27,854 square meters; and
- Property Management Solutions Two: A-class business center Prime with a gross leasing area of 8,761 square meters and associated land plot of 0.15 ha<sup>1</sup>.

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<sup>1</sup> Based on the last independent valuation report of the Property for the year ended 31 December 2022 performed by CBRE

## Scheme 1. Group structure



### d. Significant events in 1H 2023

Since NUPEH CZ is a company of the NUPEH group, whose all income-generated assets are located in Ukraine, it depends on the performance of the Ukrainian subsidiaries holding real estate and their ability to upstream incomings to the Parent Company, which is the borrower under an intergroup loan from NUPEH CZ.

In view of the aforementioned restrictions, all interest due for the period from 1 January 2022 to 29 September 2023 shall be paid on 30 September 2023. The payment of the principal that fell due between 1 January 2022 and 30 June 2023 has been postponed to the maturity date, which is 31 December 2025.

NUPEH executed the early redemption of 21% of the bonds (CZK 222.7 million or USD 9.9 million) and made a coupon payment (USD 1.6 million) on 2 May 2023.

### e. History and Development of the Company, the Parent Company and the Group

#### History and Development of the Company

The Company was established on 10 December 2018 according to Czech law as a limited liability company with the business name MAMELUCK, s.r.o. The Company was registered in the Commercial Register maintained by the Municipal Court in Prague under File No. C 307124 on 1 January 2019.

During 2019, NUPEH acquired the Company under its initial business name, MAMELUCK, s.r.o. The business name of the Company was changed to its current business name by decision of the sole shareholder on 2 December 2019.

### **History and Development of the Parent Company and the Group**

On 1 November 2016, NUPEH purchased 100% interest in the East Gate project by acquiring 100% of corporate rights in Turcosa Investments Limited and acquiring non-performing debt payable by AICEE II Finance Cyprus Limited.

On 12 December 2016, NUPEH purchased 100% interest in the Piramida project through acquiring 100% of corporate rights in 1849-Apollo Overseas I.

On 19 December 2016, NUPEH purchased 60% interest in the West Gate project through acquiring 60% of corporate rights in GLD Logistic Park Holding Limited and SZ Harbour Finance Limited and acquiring non-performing debt payable by SZ Harbour Finance Limited. During 2018, the remaining 40% of the participatory interest in GLD Logistic Park Holding Limited was purchased by NUPEH. Thus, NUPEH became the sole owner of GLD Logistic Park Holding Limited.

On 8 June 2017, NUPEH purchased two Cyprus entities, Orbelson Holdings Limited and Glanston Holdings Limited, owning two Ukrainian entities, Property Management Solutions One LLC (PMS One) and Property Management Solutions Two LLC (PMS Two).

On 27 September 2017, PMS One and PMS Two acquired, from a third party, two business centres, Eurasia and Prime, respectively. As part of the transaction, NUPEH also purchased from the same third party 100% interest in Mevalor Holdings Limited (Cyprus). The latter was the majority owner of Property Management Services LLC (PMS), which was involved in the provision of maintenance services to the Group.

On 23 January and 14 June 2018, NUPEH increased the share capital of Turcosa Investments Limited by USD 7,443,000 and USD 12,749,000, respectively.

On 5 June 2018, 100% of shares of AICEE II Finance Cyprus Limited were transferred from Turcosa Investments Limited to New Ukraine PE Holding Limited.

On 27 June 2018, NUPEH purchased, from a third party, an additional 40% interest in West Gate Logistic through acquiring 40% of corporate rights in GLD Logistic Park Holding Limited and SZ Harbour Finance Limited and acquiring debt payable by SZ Harbour Finance Limited.

On 16 April 2019, 100% of shares of East Gate Logistic LLC were transferred from Borlog LLC to AICEE II Finance Cyprus Limited. Further, AICEE II Finance Cyprus Limited disposed of Borlog LLC to a third party for an insignificant consideration.

During 2019, NUPEH increased the share capital of 1849-Apollo Overseas I Limited by USD 150,000, the share capital of Orbelson Holdings Limited and Glanston Holdings Limited by USD 15,000 each, and the share capital of GLD Logistik Park Holding Limited by USD 14,000.

During 2019, NUPEH acquired the Company (then under the business name MAMELUCK, s.r.o.).

On 30 June 2021, the Company utilized its right to increase the issuance amount of the Bonds by CZK 350 million, from CZK 700 million to CZK 1,050 million (converted into approx. USD 49.1 million). Subsequently, the Parent Company received proceeds through intra-group financing provided by the Company in the

amount of approx. USD 16.5 million and used these proceeds from the intra-group loan for a dividend payout. The total amount of the intragroup loan provided from the Company to the Parent Company during 2021 stood at USD 17.3 million.

On November 9, 2022, two of the Parent Company's shareholders transferred their shares in NUPEH Cyprus: Sky Mundi S.A.R.L. (39.64%) and West Street EMS Partners, SLP (2.55%) transferred all their shares to the Cypriot companies Larington Holdings Limited and Langrose Investments Limited, respectively. The transfer did not result in a change in control of the Company.

On May 2, the Company exercised an early partial redemption of the bonds, decreasing the nominal amount of each bond from CZK 10,000 to CZK 7,900.

In May 2023, the Group's Cypriot subsidiaries, including 1849-Apollo Overseas I Limited, Mevalor Enterprises Limited, Glanston Holdings Limited, Orbelson Holdings Limited, AICEE II Finance Cyprus Limited, Turcosa Investments Limited, GLD Logistik Park Holding Limited, SZ Harbour Finance Limited, and EGL Holding Limited, were dissolved.

In September 2023, the Company published a Notice of early redemption of the Bonds, whereby the nominal amount of each Bond will be decreased further from CZK 7,900 to CZK 6,550. The early redemption of the bonds' face value together with a 1% penalty for early redemption amounted to CZK 141.2 million and will be exercised on 30 October 2023.

#### **f. Business Objectives**

The Company was established for the purpose of the Issue, as the main activity of the Company includes providing financial means acquired through the Issue to the affiliates in the Group by means of loan, credit facility or other financing. The Company does not currently perform any other activities.

#### **g. Principal Markets and Business Overview**

##### **Principal Markets and Business Overview of the Company**

With respect to its main activities, the Company does not compete on any market and does not have any relevant market shares or market position.

Meanwhile, the Company was acquired by NUPEH for purposes of acquiring financial means and their further provision to affiliated companies in the Group by means of loan, credit facility or other forms of financing. The ability of the Company to meet its obligations under the Issue may be significantly affected by the ability of the Parent Company or relevant company from the Group to meet their obligations towards the Company. This fact manifests the dependence of the source of the Company's income on the relevant companies in the Group and their financial results.

##### **Principal Markets and Business Overview of the Parent Company and the Group**

NUPEH is active on the Retail Real Estate Market, the Office Real Estate Market, and the Warehouse Real Estate Market of Ukraine, Kyiv region. NUPEH aims to utilize the potential to improve operational efficiency of the assets due to proactive management and benefit from economies of scale such as stronger negotiating power vis-à-vis tenants, contractors, and suppliers.

NUPEH controls an investee when it is exposed to, or has the right to, variable returns from its involvement with the Parent Company and has the ability to affect those returns through its power over the investee. The investees Atlantic-Pacific Ventures LLC (Piramida), East Gate Logistic LLC, West Gate Logistic LLC, Property Management Solutions One LLC (Eurasia), and Property Management Solutions Two LLC (Prime)

own real estate assets and are entitled to receive associated rental revenues. Other investees receive cash flow streams in the form of loan receivables or dividends.

The total gross building area (GBA) operated by the Group was 120,834 square meters as of 30 June 2023 and the breakdown was as follows:

- Retail – 20,790 square meters (17%)<sup>1</sup>;
- Offices – 42,562 square meters (35%)<sup>1</sup>; and
- Warehouses – 57,481 square meters (48%)<sup>1</sup>.

The total gross leasable area (GLA) operated by the Group is 197,843 square meters and its breakdown is as follows:

- Retail – 15,935 square meters (15%)<sup>2</sup>;
- Offices – 36,615 square meters (34%)<sup>2</sup>; and
- Warehouses – 56,345 square meters (52%)<sup>2</sup>.

NOI of the Group for the first six months of the year ended 30 June 2023 was USD 6.0 million<sup>1</sup>, and is divided as follows:

- Retail – 53% for the first six months of the year ended 30 June 2023;
- Offices – 24% for the first six months of the year ended 30 June 2023; and
- Warehouses – 23% for the first six months of the year ended 30 June 2023.

LTV of the Group as of 30 June 2023 was 29.4%<sup>3</sup>.

## **Overview of the real estate projects operated by the Group**

### Piramida

Piramida is a convenience-based community shopping centre located at 4 O. Myshuhy St. in the high-rise densely populated Darnytskyi residential district of Kyiv with an official population of 345,000 people. Piramida benefits from being just 100 meters away from the busy Pozniaky metro station. Piramida has two levels anchored by Silpo, one of the largest supermarket chains in Ukraine, Foxtrot, an electronics chain, and Citrus, an electronics and mobile chain. The retail gallery is focused on satisfying customers' everyday shopping needs, with reputable tenants in the health & beauty, drogerie, fashion, and children's goods segments. The national food & beverage operator Puzata Hata complements the retail offering.

### Key Statistics:

- GBA – 20,790 square meters<sup>1</sup>;
- GLA – 15,934 square meters<sup>2</sup>;
- Vacancy: 0.3% as of 30 June 2023 (-1.4p.p. year-on-year)<sup>1</sup>;
- Average monthly base rent: USD 34.6/square meter as of June 2023 (+151% year-on-year)<sup>1</sup>;
- Footfall (for the first six months of the year ended 30 June 2023): 2.4 million people (+39% year-on-year)<sup>1</sup>;
- Value as of 31 December 2022: USD 45,800,000 (-24.9% year-on-year)<sup>2</sup>;

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<sup>1</sup> Based on the unaudited data of the Issuer;

<sup>2</sup> Based on the latest independent valuation report of the Property as of 31 December 2022 performed by CBRE;

<sup>3</sup> Based on Valuation Report of the Property as of 31 December 2022 performed by CBRE and unaudited data of the Issuer. LTV comprises total financial debt including senior bonds and a junior loan divided by the total valuation of the properties.

- NOI: USD 3,203 thousand for the first six months of the year ended 30 June 2023 (+92% year-on-year)<sup>1</sup>.

#### Key Tenants:

- Silpo (hypermarket): area of 1,596 square meters, lease agreement ending in December 2030;
- Ukrzoloto (jewelry): area of 417 square meters, lease agreement ending in May 2024;
- Citrus (electronics): area of 452 square meters, lease agreement ending in April 2026;
- Smik (children goods): area of 559 square meters, lease agreement ending in January 2024<sup>1</sup>.

#### Key Competitors:

- River Mall. Location: 12 Dniprovska Embankment, Kyiv, 02000, 2.5 km from Piramida. GLA: 55,000 square meters. River Mall is a large-scale traditional shopping and entertainment centre delivered in 2019.
- Aladdin. Location: 3A Mykhaila Hryshka St., Kyiv, 02000, 500 m from Piramida. GLA: 11,000 square meters. Aladdin is a small-scale convenience-based shopping centre.
- New Way. Location: 1 Arkhitektora Verbyts'koho St., Kyiv, 02000, 2.2 km from Piramida. GLA: 15,000 square meters. New Way is a small-scale convenience-based shopping centre opened in 2016;
- Arcadia. Location: 33 Dniprovska Embankment, Kyiv, 02000, 2 km from Piramida. GLA: 18,500 square meters. Arcadia is a small-scale convenience-based shopping centre opened in 2008.

#### Eurasia

Eurasia is an A-class operating business centre located in Kyiv's CBD area at 75 Zhylianska Street, connecting downtown Kyiv with the major urban thoroughfare Peremohy Ave. The property benefits from good transport and pedestrian accessibility. Vokzalna metro station is a 10 minutes' walk from the business centre and Universytet metro station is 15 minutes away on foot. Two other metro stations, Olimpiiska and Palats Sportu, are easily accessible by public transportation, trolleybuses and shuttle buses, via Zhylianska Street. The property was commissioned in 2007. Each floor has open-space layouts ranging from 840 square meters to 3,200 square meters, making it possible to implement various office configurations required by tenants.

- GBA: 33,423 square meters<sup>1</sup>;
- GLA: 27,854 square meters<sup>2</sup>;
- 13 levels;
- 2-level underground parking with 150 parking lots and 20 surface parking lots<sup>1</sup>;
- Vacancy: 54.8% as of 30 June 2023 (+33.4 p.p. year-on-year)<sup>1</sup>;
- Average monthly base rent: USD 10.4/square meter as of June 2023 (-27% year-on-year)<sup>1</sup>;
- Value as of 31 December 2022: USD 33,500,000 (-36.4% year-on-year)<sup>2</sup>;
- NOI: USD 723 thousand for the first six months of the year ended 30 June 2023 (-68% year-on-year)<sup>1</sup>.

#### Key Tenants:

- PricewaterhouseCoopers: area of 2,525 square meters, lease agreement ending in August 2026;
- UN High Commissioner for Refugees: area of 3,080 square meters, lease agreement ending in August 2025;

<sup>1</sup> Based on the unaudited data of the Issuer;

<sup>2</sup> Based on the latest independent valuation report of the Property as of 31 December 2022 performed by CBRE;

- Nissan Motor Ukraine: area of 562 square meters, lease agreement ending in December 2023<sup>1</sup>.

### Prime

Prime is an A-class operating business centre located in Kyiv's CBD area, at 48-50 Zhylianska Street, one of the city's central streets connecting downtown Kyiv with the major urban thoroughfare Peremohy Ave. The property boasts good transport and pedestrian accessibility from the closest metro station Olimpiiska, located 900 metres or a 10 minutes' walk away. Two other metro stations, Universytet and Lva Tolstoho, are within 1.5 kilometres or 15-20 minutes on foot. The property benefits from its high-profile surroundings with developed infrastructure and closeness to major transportation hubs. Typical office floors with flexible layouts of approx. 850-900 square meters allow adapting space to tenants' individual needs. Key Statistics:

- GBA: 9,140 square meters<sup>1</sup>;
- GLA: 8,761 square meters<sup>2</sup>;
- 9 levels;
- 7 underground parking lots, surface parking with 20 lots<sup>1</sup>;
- Vacancy: 1.1% as of 30 June 2023 (-17.0p.p. year-on-year)<sup>1</sup>;
- Average monthly base rent: USD 9.5/square meter as of June 2023 (-10% year-on-year)<sup>1</sup>;
- Value as of 31 December 2022: USD 13,900,000 (-10.3% year-on-year)<sup>2</sup>;
- NOI: USD 720 thousand for the first six months of the year ended 30 June 2023 (+13% year-on-year)<sup>1</sup>.

### Key Tenants:

- Deloitte: area of 2,146 square meters, lease agreement ending in July 2025;
- Sanofi: area of 2,688 square meters, lease agreement ending in September 2024;
- Miele: area of 658 square meters, lease agreement ending in June 2025;
- OTP Bank: area of 304 square meters, lease agreement ending in December 2025<sup>1</sup>.

### Key Competitors for Eurasia and Prime:

Dynastia. Location: 46 Antonovycha St., Kyiv, 02000, 1.2 km from Eurasia BC and 600 m from Prime BC. GLA: 8,000 square meters. The property is an A-class business centre delivered in 2015.

Senator. Location: 32/2 Moskovska St., Kyiv, 01010, 3.2 km from Eurasia BC and 2.9 km from Prime BC. GLA: 43,000 square meters. The property, delivered in 2013, is an A-class business centre with standard efficient layouts and a spacious lobby.

Astarta. Location: 58 Yaroslavskaya St., Kyiv, 04071, 3.9 km from Eurasia BC and 4.3 km from Prime BC. GLA: 28,000 square meters. Astarta is a new business centre, delivered in three phases in 2016-2018, with standard efficient layouts, BREEAM certification, and lower rents among its major competitive advantages.

Leonardo. Location: 19/21 Bohdana Khmel'nyts'koho St., Kyiv, 01030, 1.3 km from Eurasia BC and 1.4 km from Prime BC. GLA: 29,000 square meters. Leonardo boasts a prime location in Kyiv's historical centre, catering to tenants from the business services and consulting industry, and is potentially comparable in terms of building quality.

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<sup>1</sup> Based on the unaudited data of the Issuer

<sup>2</sup> Based on the last independent valuation report of the Property as of 31 December 2022 performed by CBRE

Parus. Location: 2 Mechnikova St., Kyiv, 02000, 2.2 km from Eurasia BC and 1.6 km from Prime BC. GLA: 58,000 square meters. Parus competes mainly due to its more central location but is more expensive for tenants. Panoramic views offered by its higher floors can also be viewed as an advantage.

Europassage. Location: 58/10 Simi Prakhovykh St., Kyiv, 01033, 700 m from Eurasia BC and 500 m from Prime BC. GLA: 20,000 square meters. Europassage is less competitive in terms of quality, being a B-class property with less presentable lobby and fitout materials, less efficient layouts, and situated in a side street with unappealing surroundings. At the same time, being located in the same area, Europassage offers lower rents, which cost-conscious tenants may prefer.

Karat. Location: 110 Zhylianska St., Kyiv, 02000, 300 m from Eurasia BC and 1.1 km from Prime BC. GLA: 6,000 square meters. Karat is considered a minor competitor given its close location but is inferior in terms of quality, being a B-class property with less presentable lobby and fitout materials and less efficient layouts.

Magnett. Location: 137-139 Velyka Vasylkivska St., Kyiv, 03150, 4.0 km from Eurasia BC and 3.2 km from Prime BC. GLA: 32,000 square meters. The property is a new A-class BC delivered in 2021, with standard efficient layouts, typical floors of up to 4,000 square meters, a large lobby, and a terrace.

### East Gate Logistic

East Gate Logistic is an A-class operating warehouse, located at 28 Zaporizka St., Boryspil, Kyiv region. The property benefits from a favourable location on the eastern (left) bank of the Dnipro river, within approx. 15 km of the Kyiv city boundaries, 20 km from the nearest metro station, Boryspil'ska, and 5 km from the Kyiv Boryspil International Airport. East Gate Logistic is easily accessible via Zaporizka St. from the M-03/E-40 highway connecting Kyiv and Kharkiv. The property can also be reached from the Brovary-Boryspil ring road connecting to the M-01/E-95 Kyiv-Chernihiv highway heading north to Belarus.

East Gate Logistics was commissioned in 2007. Structurally, the building consists of two adjacent blocks. The property complies with A-class warehouse requirements, having a 12 meters x 24 meters column grid and a clear height of 12 meters within warehouse premises.

#### Key Statistics:

- GBA: 49,198 square meters<sup>1</sup>;
- GLA: 49,027 square meters<sup>2</sup>;
- Vacancy: 5.2% as of 30 June 2023 (no change year-on-year)<sup>1</sup>;
- Average monthly base rent: USD 4.5/square meter as of June 2023 (+87% year-on-year)<sup>1</sup>;
- Value as of 31 December 2022: USD 18,200,000 (-16.9% year-on-year)<sup>2</sup>;
- NOI: USD 1,259 thousand for the first six months of the year ended 30 June 2023 (+6% year-on-year)<sup>1</sup>.

#### Key Tenants:

- Auchan: area of 33,832 square meters, lease agreement ending in June 2027;
- Fiege: area of 12,039 square meters, lease agreement ending in July 2024; area of 486 square meters, lease agreement ending in November 2024; area of 120 square ending in November 2023<sup>1</sup>.

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<sup>1</sup> Based on the unaudited data of the Issuer

<sup>2</sup> Based on the last independent valuation report of the Property as of 31 December 2022 performed by CBRE

#### Key Competitors:

BF Martusivka. Location: 72 Moiseyeva St., Martusivka, Kyiv Oblast, 08343, 15 km from East Gate Logistics. GLA: 70,000 square meters. BF Martusivka is considered as a competitive warehouse scheme due to location in the surrounding area and comparable quality. BF Martusivka is also larger in scale with higher vacancy.

#### West Gate Logistic

West Gate Logistic is an A-class operating warehouse, located at: 21st kilometre of Zhytomyr Highway, Stoyanka village, Kyiv-Sviatoshyno District, Kyiv region. It is only 1 km from the Kyiv city boundaries, with the Kyiv ring road only 8 km away. The property's closeness to the city gives it proximity to labour pools in both the Kyiv region and the area of Kyiv on the right (western) bank of the Dnipro. West Gate Logistic directly faces Zhytomyr Highway (M-06, E-40) connecting Kyiv to Lviv and Ukraine's border with the EU.

West Gate Logistic, consisting of two buildings, sustained heavy damage from shelling by Russian forces on March 3, 2022. The larger building (ca. 89,500 square meters) was completely destroyed, while the smaller building (ca. 7,675 square meters) suffered considerable damage that temporarily impacted tenant operations and took time to repair. The property, occupied by high-profile tenants including logistics operators and retail companies, features A-class warehouse standards with a 12 meters x 24 meters column grid and a 12-meter clear height.

#### Key Statistics:

- GBA: 7,675 square meters<sup>1</sup>;
- GLA: 7,316 square meters<sup>2</sup>;
- Vacancy: 0.0% as of 30 June 2023 (no change year-on-year)<sup>1</sup>;
- Average monthly base rent: USD 4.5/square meters as of June 2023 (+248% year-on-year)<sup>1</sup>;
- Value as of 31 December 2022: USD 4,500,000<sup>2</sup>;
- NOI: USD 125 thousand for the first six months of the year ended 30 June 2023 (-85% year-on-year)<sup>1</sup>

#### Key Tenants:

- DC Ukraine (Watsons): area of 4,555,74 square meters, lease agreement ending in April 2025;
- Nova Poshta: area of 2745,47 square meters, lease agreement ending in December 2024<sup>1</sup>.

#### Key Competitors:

MLP Chaika. Location: 1A Aviakonstruktor Antonova St., Chaiky, Kyiv Oblast, 08130. GLA: 114,000 square meters. MLP Chaika is an ambient warehouse comparable in quality and located in the same area, near the Zhytomyr highway (M-06/E-40). While MLP Chaika is located closer to the Kyiv ring road (4.5 km away), it does not face the M-06/E-40 highway, being situated on a secondary road with less convenient access.

Amtel. Location: 10 Soborna St., Petropavlivska Borshchahivka, Kyiv Oblast, 08130. GLA: 97,379 square meters. Amtel is a newer warehousing property consisting of two phases, with Phase I delivered in 2011 and Phase II in 2020. Being more competitive in terms of quality and providing availability of new space, Amtel Phase II is viewed as the main competitor for West Gate Logistic.

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<sup>1</sup> Based on the unaudited data of the Issuer

<sup>2</sup> Based on the last independent valuation report of the Property as of 31 December 2022 performed by CBRE

## **h. Investments**

### **Investments in H1 2023**

The Company did not make investments in current or non-current assets during the half-year ended 30 June 2023.

### **Future investments**

Given the Company's business objectives, the Company does not plan any major future investments.

With respect to the Parent Company and its subsidiaries, the Group has put on hold all capital expenditures except critical outlays that are important for either technical safety or rental income.

## **i. Research & Development**

In H1 2023, the Company did not carry out any research and development activities and as a result did not incur any research and development costs

## **j. Change of Control**

There are no arrangements known to the Company that at a subsequent date may result in a change in control of the Company.

## **k. Legal and Arbitration Proceedings**

In H1 2023, neither the Company nor the Parent Company were party to any governmental, legal or arbitration proceedings (including those that are pending or threatened of which the Company is aware) which may have, or have had in the recent past, a significant effect on the Company's and the Group's financial standing or profitability.

## **2. Corporate Governance, Risks the Company May Be Exposed to in Relation to the Financial Reporting Process and Risk Management Procedures, System of Internal Control**

### **a. Parent Company**

- Given that the ownership interest in the Company is held solely by the Parent Company, no shareholders' meetings are convened and the Parent Company exercises the power of the general meeting of the Company. A general meeting of the Company may decide, in addition to matters specified in the Act on Business Corporations, on: Amendments to the Articles of Association
- Winding up of the company with liquidation and appointment and removal of the liquidator
- Approval of the lease of properties or their fundamental parts, and
- Determination of a business strategy.

All decisions made by the Parent Company are adopted by the Managing Director of the Company.

### **b. Supervisory and Control Bodies.**

The Company does not have supervisory bodies and is governed by the Managing Director. Controlling functions are performed by the Audit Committee.

### **c. Managing Director**

The Managing Director is the statutory body of the Company. The Managing Director is responsible for the business management of the Company and for any other powers that are not entrusted to another body of the Company by the Articles of Association, the law or a decision of a competent public authority. The Managing Director ensures the proper accounting, presents to the Parent Company for approval the ordinary, extraordinary, consolidated and, if any, interim financial statements, and the proposal for the distribution of profit or settlement of a loss in accordance with the Articles of Association. The Managing Director is appointed and removed by the Parent Company.

The Managing Director represents the Company independently.

As at the date of the Annual Report, the Managing Director of the Company was:

**Natalia Zolotarova**, born on 2 May 1977

**Business address:** 36D Saksahanskoho St., Kyiv 01033, Ukraine

**Date of appointment:** 3 December 2019

#### **Experience and other relevant information:**

Mrs. Natalia Zolotarova joined the Group early on in May 2001, starting as an accountant and rising to the position of Deputy CFO of the Dragon Capital Group, a leading international investment company in Ukraine. In this capacity she has been responsible for treasury management and financial planning, negotiations with banks, tax planning, optimization of intercompany cash flows, assistance and supervision of the internal and external audits of the group, budgeting, and cost management.

Natalia has over 20 years of professional experience in financial markets and a proven track record of more than 100 deals in private equity, deal structuring and settlements including the real estate market of Ukraine, M&A, bond issuances, and capital markets.

Natalia graduated from Kyiv National University of Economics, Ukraine. She holds a specialist degree in International Business Administration.

She has been a fellow member of the Association of Auditors of Ukraine since 2003.

### **d. Audit Committee**

The Audit Committee was established on 19 March 2021 for the purpose of performing controlling functions at the Company. The basic function of the Audit Committee is supervision of the process of setting up the financial statements and system of effectiveness of internal control and internal audit.

The Audit Committee is represented by 3 (three) non-executive members, who are elected and removed by the General Meeting from members of the Supervisory Board or third parties. The majority of Audit Committee members are independent of the company and professionally qualified. The term in office of a member of the Audit Committee is 3 (three) years. Re-election of a member of the Audit Committee is possible.

### **e. Remuneration of Managing Director and Audit Committee**

The remuneration of the Managing Director equals zero. Two out of three members of the Audit Committee are engaged on a paid basis, with a total annual service fee of CZK 50 thousand, while one member is working on a non-remunerated basis.

#### **f. Shares and other securities held by the Managing Director**

The ownership interest in the Company is held solely by the Parent Company and no shares in the Company are held by the people with managerial authority in the Company.

#### **g. Declaration on Conflict of Interest**

The Company is not aware of any potential conflict of interest between the obligations of the Managing Director towards the Company and her private interest or other obligations. However, during the performance of her function of Managing Director, a conflict of interest may arise due to the fact that the Managing Director is also a member of the bodies of other companies and follows the interests of such companies or those of the persons controlled by such companies.

#### **h. Compliance with the Corporate Management and Governance Regime**

The Company complies with all the due administration and management requirements set by the applicable laws and regulations of the Czech Republic, in particular the Civil Code and the Act on Business Corporations, if applicable. In its administration and management, the Company follows the corporate governance and management requirements arising from the applicable laws and regulations, which it considers sufficient and therefore does not follow any rules specified in any corporate governance and management code.

#### **i. Risks the Company May Be Exposed to in Relation to the Financial Reporting Process and Risk Management Procedures**

The company is exposed to some risks and uncertainties related to the financial reporting process. The materialization of any such risks could have a material adverse effect on the company's business, financial condition, results of operations, and future prospects.

The Company's internal control system consists mainly of internal control mechanisms and active supervisory activities, as well as external audits conducted annually for the current accounting period. The results of the audit are presented to the Audit Committee and the Parent Company, which draw conclusions and follow up.

The Parent Company is, within the internal control system, responsible for:

- reliability and information sharing;
- compliance with generally binding legal regulations and internal procedures;
- assets protection and proper use of resources;
- achievement of set goals.

#### **j. Policies in Relation to Environmental Protection and Labour Rights**

While doing business, the Company undertakes to:

- provide employees with a safe workplace and appropriate training;
- strictly observe the statutory limitations which regulate the impact of its activities on the environment (limits on pollution, limits on consumption)

With respect to environmental protection, the Company aims, as far as is reasonable, to use the best available technology in relation to environmental protection and the utilization of energy sources. In its day-to-day activity, the Company strives to continually improve its environmental performance, aiming to:

- save natural resources and minimise waste creation where possible;
- promote the environmentally friendly approach in relations with clients and counterparties;

- be environmentally responsible and conserve natural resources by means of recycling.

Currently there are no employees in the Company, but the Company sees the importance of protecting labour rights and defines a set of minimum labour standards as follows:

- safe and healthy workplace environment;
- non-discrimination in hiring, remuneration, access to training, promotion, termination or retirement based on race, national or social origin, caste, religion, gender, sexual orientation, political affiliations, age or other conditions that could give rise to discrimination, unless required by law;
- treating all employees with dignity and respect;
- compliance with applicable national laws and regulations on working hours, holiday entitlements as a minimum standard and regulations regarding wages and benefits.

#### **k. Policies in Relation to Anti-money Laundering**

The Company ensures that it does not deal with the proceeds of crime or participate in any activity that might facilitate money laundering or the funding of terrorist or criminal activities.

The concept of Know Your Customer (KYC) is critical in all aspects of the Company's business. As a general rule, the Company gathers information about its counterparties. The information is the starting point for anti-money laundering identification procedures. Because of the risk that a counterparty could be involved in criminal activity, the Company will consider, depending on the nature of the proposed transaction, not effecting a transaction prior to verifying information about the counterparty.

In order to manage and mitigate the risks stated above, the Company operates a strict KYC policy when establishing business relationships with services providers. The counterparties are categorized in accordance with AML law and best market practice.

Taking into consideration the assessed risks, the Company determines the type and extent of measures it adopts in order to manage and mitigate the identified risks in a cost-effective manner.

### **3. Information on Equity**

Under the laws of the Czech Republic, the Company, as a limited liability company, does not issue any share capital shares or similar securities. The Company also did not acquire or possess own shares during the reporting period.

As of the date of signing of this report, the receivables related to contribution outside of the registered capital in the amount of USD 3,900 thousand had not been repaid.

### **4. Financial Situation**

#### **a. Risk and Uncertainties Related to the Company**

From the Company's perspective, the following main risk factors may adversely impact its financial and economic standing, business and ability to meet its obligations under the Issue:

##### **Risk of a secondary dependence**

The Company is part of a group consisting of the Parent Company and its direct or indirect subsidiaries (the Group and the subsidiaries as the Subsidiaries). As such, the Issuer is exposed to a secondary risk of dependence on risks relating to the Group, whose activities includes investing in the real estate sector in Ukraine. Due to the Company's dependence on the Group, all risk factors related to the Group described below may adversely affect the Issuer's ability to repay its debt from the Issue. The risk of secondary dependence may adversely affect the Company's ability to pay off the debts arising from the Issue.

### **Risk of a special purpose-established company**

The Company is a special purpose-established vehicle, established for the purpose of the Issue and subsequently providing intra-group financing, and does not engage in any other business activity and therefore cannot create resources from other business activities to pay off the debts arising from the Issue. The risk of the Company's credit dependence on the Group may therefore adversely affect the Issuer's ability to meet its debt obligations.

#### **b. Risks Related to the Parent Company's and the Group's Business**

The Parent Company is an investment and holding company, which means that if the Subsidiaries fail to make a profit, they will not be able to pay the Parent Company a share of their profits in the form of dividends or repayment of the intragroup loan. The Parent Company is therefore indirectly affected by the risk factors affecting the business of the Subsidiaries.

Following are the main risk factors that may adversely impact the financial and economic standing and business of the Parent Company and the Group:

##### **The Group is dependent on external contractors to develop and enlarge its projects**

The Group's reliance on general contractors and individual contractors also exposes the Group to risks associated with any poor performance or work ethic of such contractors and their subcontractors and employees, construction defects, and financial instability of the contractors and their subcontractors.

##### **Credit risk**

The Parent Company provides unsecured loans to its Subsidiaries. Recoverability of these loans depends on operational results of the Parent Company's investees owning the income-generating real estate. If the investees are unable to repay the loans provided by the Parent Company, it would ultimately affect the business of the Parent Company and the Group.

##### **The Group's ownership interests or lease rights in land may be challenged**

There is a risk that the state registrars or a third party may challenge ownership interests or lease rights in land because of their origin or former registration or for other reasons. This may lead to additional expenses and title risks for the Group.

##### **Property risk**

Property and property-related assets are inherently difficult to value due to the individual nature of each property and the fact there may not be a liquid market or pricing mechanism available. As a result, valuations may be subject to substantial uncertainty.

#### **c. Risk Factors Relating to War**

##### **Group business has suffered major shock due to Russia's war on Ukraine, outcome of war remains unpredictable**

No assurance can be given at this stage about the outcome of Ukraine's war with Russia, and once the war ends, the Ukrainian economy and the Group's business will likely take years to recover to pre-war levels. Although military hostilities in the Kyiv region have long ceased, there is the risk that Russian forces will attempt a new incursion or damage or completely destroy important infrastructure in the region, which could lead to an exodus of the local population to safer regions in Ukraine. The overall economic, humanitarian and social situation in Ukraine affects the ability of the Group's business to generate profit.

**Any property may be damaged or fully destroyed due to continuing shelling of Ukrainian cities by Russian forces**

As noted above, although the Kyiv region is currently safely away from the war zone, the risk is that any local property may be damaged or fully destroyed as a result of Russia's continuing artillery and missile attacks against civilian targets in Ukraine or due to a new incursion by Russian or pro-Russian forces into the Kyiv region. If any property is destroyed, the Subsidiaries may fail to make a sufficient profit, so the risk is that they will not be able to pay the Parent Company a share of the profits.

**Legislative steps taken by Ukrainian authorities in response to war**

There is the risk that the Ukrainian authorities may impose additional wartime restrictions on the operating, financing and investing activity of the Subsidiaries and/or on the regime of transferring profits outside of Ukraine. If the Subsidiaries fail to make a profit or are restricted from transferring it abroad, they will not be able to pay the Parent Company a share of their profits in the form of dividends or repayment of the intragroup loan.

**d. Audit fees**

The total fees accrued in H1 2023 for the audit services of the financial statements were USD 28.8 thousand without VAT and including paid overtimes. The audit of the condensed interim financial statements of the company for H1 2023 has not been conducted.

**Affidavit**

The CEO of the Company declares that all information and data in this semi-annual report correspond to the facts and that no material circumstances have been omitted and that this semi-annual report gives a true and fair view of the assets, liabilities and financial situation of the Company, its business activities and the results of the Company's management for the six months ended 30 June 2023 and to the best knowledge of the Company's executive, all information and data in this semi-annual report correspond to the prospects for the future development of the financial situation, business activity and economic results of the Company together with a description of the main risks and uncertainties that the company faces.

In Prague, 28 September 2023

Natalia Zolotarova  
(Managing director)



**Exhibit I: Condensed Interim  
Financial Statements for H1 2023  
(Unaudited)**

**Statement of financial position**

as at 30.06.2023

07757662

Name of accounting unit

**NUPEH CZ s.r.o.**

Registered office, residence or place of  
business of accounting unit

Antala Staška 1859/34, 140 00 Praha  
4

(USD '000)

|                                      | Notes | 30.06.2023    | 31.12.2022    |
|--------------------------------------|-------|---------------|---------------|
| <b>ASSETS</b>                        |       |               |               |
| <b>Current assets</b>                |       |               |               |
| Cash and cash equivalents            | 5     | 88            | 1 241         |
| Receivables from derivatives         | 11    | 635           | -             |
| Provided loans                       | 6     | 718           | 2 885         |
| Trade and other receivables          | 7     | 3 900         | 1 900         |
| Other receivables                    | 7     | 3 900         | 1 900         |
| Other assets                         | 7     | 22            | 64            |
| <b>Total current assets</b>          |       | <b>5 363</b>  | <b>6 090</b>  |
| <b>Non-current assets</b>            |       |               |               |
| Provided loans                       | 6     | 32 330        | 41 941        |
| <b>Total non-current assets</b>      |       | <b>32 330</b> | <b>41 941</b> |
| <b>Total assets</b>                  |       | <b>37 693</b> | <b>48 031</b> |
| <b>EQUITY AND LIABILITIES</b>        |       |               |               |
| <b>Current liabilities</b>           |       |               |               |
| Issued bonds                         | 9     | 949           | 875           |
| Payables from derivatives            | 11    | -             | 1 938         |
| Trade and other liabilities          | 10    | 18            | 28            |
| Trade liabilities                    | 10    | 17            | 28            |
| Other liabilities                    | 10    | 1 -           | -             |
| Liability accruals and deferrals     | 10    | 42            | 48            |
| <b>Total current liabilities</b>     |       | <b>1 009</b>  | <b>2 889</b>  |
| <b>Non-current liabilities</b>       |       |               |               |
| Issued bonds                         | 9     | 36 663        | 45 035        |
| <b>Total non-current liabilities</b> |       | <b>36 663</b> | <b>45 035</b> |
| <b>Equity</b>                        |       |               |               |
| Register capital                     | 8     | 9             | 9             |
| Other capital accounts               | 8     | 10 260        | 6 360         |
| Retained earnings                    | 8     | -10 248       | -6 262        |
| Retained earnings                    | 8     | -6 262        | -4 237        |
| Profit or loss                       | 8     | -3 986        | -2 025        |
| <b>Total equity</b>                  |       | <b>21</b>     | <b>107</b>    |
| <b>Total equity and liabilities</b>  |       | <b>37 693</b> | <b>48 031</b> |

**Statement of profit or loss and other comprehensive income**

for the six months ended 30 June 2023

Name of accounting unit

**NUPEH CZ s.r.o.**

Registered office, residence or  
place of business of accounting  
unit

07757662

Antala Staška 1859/34, 140 00 Praha 4

(USD '000)

|                                                              | Notes | 30.06.2023    | 30.06.2022 |
|--------------------------------------------------------------|-------|---------------|------------|
| Interest income calculated using the effective interest rate | 14    | 1 831         | 1 899      |
| Interest expenses                                            | 14    | -1 461        | -1 496     |
| <b>Net interest income/expense</b>                           |       | <b>370</b>    | <b>403</b> |
| Gain/(loss) on derivatives                                   | 14    | 2 573         | -2 678     |
| Interest income - derivatives                                | 14    | 1 447         | 1 327      |
| Interest expenses - derivatives                              | 14    | -1 636        | -1 636     |
| Foreign exchange gain                                        | 14    | 474           | 3 736      |
| Foreign exchange loss                                        | 14    | -1 878        | -4         |
| Impairment losses on financial instruments                   | 14    | -5 046        | -679       |
| Other operating expense                                      | 13    | -290          | -78        |
| <b>Profit (loss) before tax</b>                              |       | <b>-3 986</b> | <b>391</b> |
| Income tax                                                   | 12    | -             | -          |
| Deferred tax                                                 | 12    | -             | -          |
| <b>Profit (loss) for period</b>                              |       | <b>-3 986</b> | <b>391</b> |
| Other comprehensive income                                   |       | -             | -          |
| <b>Total comprehensive income for the period</b>             |       | <b>-3 986</b> | <b>391</b> |
| Profit attributable to:                                      |       |               |            |
| Equity holders of the Company                                |       | -3 986        | 391        |
| Total comprehensible income attributable to:                 |       |               |            |
| Equity holders of the Company                                |       | -3 986        | 391        |

### Cash flow STATEMENT

for the six months ended 30 June 2023

07757662

Name of accounting unit

**NUPEH CZ s.r.o.**

Registered office, residence or place of business of accounting unit

Antala Staška 1859/34, 140 00 Praha 4

(USD '000)

#### Operational Cash Flow Statement

#### Net profit (loss) for the period

##### Adjustments for non-cash transactions:

|                                                  |            |            |
|--------------------------------------------------|------------|------------|
| impairment loss                                  | 5 046      | 679        |
| revaluation of derivatives                       | -2 573     | 2 677      |
| interest expense                                 | 1 461      | 1 496      |
| interest income                                  | -1 831     | -1 899     |
| result from derivate operations                  | 189        | 309        |
| one-off impact to PL - early redemption of bonds | 111        |            |
| unrealised currency exchange difference          | 1 875      | -3 733     |
|                                                  | <u>292</u> | <u>-80</u> |

##### Adjustments for changes in working capital:

|                                                                 |            |           |
|-----------------------------------------------------------------|------------|-----------|
| other liabilities and accruals                                  | -6         | -24       |
| other receivables and accruals                                  | 42         | 42        |
| reduction (increase) in balance of trade and other receivables  | -          | -         |
| increase (reductions) in balance of trade and other liabilities | -10        | 15        |
|                                                                 | <u>-10</u> | <u>15</u> |

#### Total cash flows from operations

318      -47

#### Cash flows from financing

|                                                      |               |              |
|------------------------------------------------------|---------------|--------------|
| Repayment of Loan granted to parent company          | 4 564         | -            |
| Interest income received from loan to parent company | 3 998         | 1 909        |
| Principal paid on issued bonds                       | -10 298       | -            |
| Interest paid from issued bonds                      | -1 447        | -1 327       |
| Additional capital received                          | 1 900         | 1 400        |
| Interest received from derivatives                   | 1 447         | 1 327        |
| Interest paid from derivatives                       | -1 636        | -1 636       |
|                                                      | <u>-1 472</u> | <u>1 673</u> |

#### Total cash flows from financing

-1 472      1 673

#### Net increase in cash and cash equivalents

-1 154      1 626

#### Balance of cash and cash equivalents as at start of period

1 241      359

#### Increase (reduction) during period

-1 154      1 626

#### Effect of foreign exchange rate changes

1      -

#### Balance of cash and cash equivalents as at end of period

88      1 985

**Statement of Changes in Equity**

for the six months ended 30 June 2023

07757662

Name of accounting unit

**NUPEH CZ s.r.o.**

Registered office, residence or place  
of business of accounting unit

Antala Staška 1859/34, 140 00 Praha 4

(USD '000)

|                               | Registered<br>capital | Capital accounts | Retained earnings | Equity |
|-------------------------------|-----------------------|------------------|-------------------|--------|
| Balance as at 1 January 2022  | 9                     | 4 460            | -4 237            | 232    |
| Profit for the period         |                       |                  | 391               | 391    |
| Other comprehensive income    |                       |                  |                   | -      |
| Deposit outside share capital |                       |                  |                   | -      |
| Balance as at 30 June 2022    | 9                     | 4 460            | -3 846            | 623    |

|                               | Registered<br>capital | Capital accounts | Retained earnings | Equity |
|-------------------------------|-----------------------|------------------|-------------------|--------|
| Balance as at 1 January 2023  | 9                     | 6 360            | -6 262            | 107    |
| Profit for the period         |                       |                  | -3 986            | -3 986 |
| Other comprehensive income    |                       |                  |                   | -      |
| Deposit outside share capital |                       | 3 900            |                   | 3 900  |
| Balance as at 30 June 2023    | 9                     | 10 260           | -10 248           | 21     |

## 1 Background

NUPEH CZ s. r. o. (the "Company") is incorporated under the legislation of the Czech Republic upon registration in the Commercial Register on 01 January 2019 under file number C 307124, held at the Municipal Court in Prague. The Company's registered office is located at Antala Staška 1859/34, Krč, 140 00 Prague 4, Czech Republic.

The sole shareholder of the Company is NEW UKRAINE PE HOLDING LIMITED with 100% ownership (the "Shareholder" or the "Parent Company"), a legal entity incorporated under the legislation of Cyprus, registration number: HE 358309, having its registered office at 16 Iouniou 1943, 9 Area A, Flat/Office 202, 3022 Limassol, Republic of Cyprus.

The ultimate beneficial owner of the Company is Mr. Tomáš Fiala.

The Company is consolidated by its Parent Company NEW UKRAINE PE HOLDING LIMITED. The consolidated financial statements are available on the website <https://nupeh-cz.com/>. The subsidiaries that are part of the same consolidated group are listed in the following spreadsheet:

| <b>Name of the company</b>            | <b>Country of registration</b> |
|---------------------------------------|--------------------------------|
| Atlantic-Pacific Ventures LLC         | Ukraine                        |
| East Gate Logistik LLC                | Ukraine                        |
| West Gate Logistic LLC                | Ukraine                        |
| Property Management Solutions One LLC | Ukraine                        |
| Property Management Solutions Two LLC | Ukraine                        |
| Property Management Services LLC      | Ukraine                        |

In May 2023 the Cyprus subsidiaries of the Parent Company were voluntarily liquidated.

The Company's principal activity is financing activities. The net proceeds of the bond issue were used for the purpose of making an intra-group loan by the Company to its shareholder.

## 2 Basis of preparation

### (a) Statement of compliance

These condensed interim financial statements have been prepared in accordance with standard IAS 34 „Interim Financial Reporting“ as amended and adopted by the European Union (EU). Selected explanatory notes are stated in order to explain events and transactions, which are significant for the better comprehension of changes of the financial situation and the performance of the Company since the last Annual report as at 31 December 2022 and for the year ended 31 December 2022. These condensed interim financial statements does not include all of the information required for the Annual report compiled in accordance with the International Financial Reporting Standards ("IFRS").

The financial results of the period of six months ended 30 June 2023, may not necessarily reflect the situation and the results expected for the year end.

**(b) Basis of measurement**

The financial statements have been prepared under the historical cost basis, except for derivatives, which are carried at fair value as at 30 June 2023 and as at 31 December 2022.

**(c) Functional and presentation currency**

The functional currency of the Company as at and for the six months ended 30 June 2023 and year ended 31 December 2022 and for the six months ended 30 June 2022 is the US Dollar ("USD").

The functional currency of the parent is the USD. Based on the determination of Company management, the Company does not carry out its own activities and acts as a limited-purpose vehicle. Activities of the Company are carried out as an extension of the parent company, rather than being carried out with a significant degree of autonomy. Based on the above, the functional currency of the Company is the USD and does not differ from that of the parent.

These financial statements are presented in the USD rounded to the nearest thousand, unless otherwise indicated.

**(d) Use of judgments, estimates and assumptions**

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

Note 2 (c) – determination of the functional currency.

Note 15 (a) – determination of the loss allowance for expected credit losses.

**(e) Going concern**

The Company incurred a net loss for the six months ended 30 June 2023 in the amount of USD 3,986 thousand (for the six months ended 30 June 2022: net profit of USD 391 thousand). The main cause for the current-period loss was an ECL adjustment to the provided loan.

As at 30 June 2023, the Company had a positive equity in the amount of USD 21 thousand (31 December 2022: USD 107 thousand).

The Company's main asset is a loan to the Shareholder (please refer to Note 6), which according to the contractual conditions is to be repaid before the maturity date of the bonds. The Company also purchased cross currency swaps with J&T BANKA, a.s. to bridge the currency mismatch between the issued bonds in CZK and the provided loan in USD (please refer to Note 11).

The Parent Company is an investment and holding company, which means that if its Subsidiaries fail to make a profit, they will not be able to pay the Parent Company a share of the profits in the form of dividends or repayment of the intragroup loan. The Parent Company is therefore indirectly affected by the risk factors affecting the business of the Subsidiaries. As the Company's only activity is financing of the Parent Company, the Company is also affected by the same risks as the Parent Company, and the potential impact on recoverability of the loan would respectively influence the repayment of the bonds.

The continuing war in Ukraine remains the main risk factor for the Company's performance in the current year. Taking into account that NUPEH Group's assets are all located within the Kyiv region, each property faces a material risk of being either damaged or completely destroyed.

During the first 6 months of 2023, footfall in Kyiv shopping centres was ca. 10-30% below pre-war levels, recovering from a massive drop of 70-80% in March 2022. Fewer tenants were awarded discounts to the base rent as a result of improving footfall and retail turnover throughout the first 6 months of 2023.

Demand for warehouse space remained robust and mostly unchanged.

The office market remained sensitive to wartime challenges during the reporting period. Landlords continued to provide rental discounts, payment deferrals, and rent-free incentives in order to keep up their occupancy.

During the first 6 months of 2023 and through the date at which these financial statements were issued, all assets of the Parent Company were not directly affected by military hostilities and were in good condition as of the date of the report. Russian missile and drone attacks and associated air raid alerts did not significantly impact the performance of the Parent Company's investments in Ukraine. The Ukrainian subsidiaries have been working with their tenants and suppliers to lighten the impact of warfare on operations and negotiate the terms of continuing cooperation.

The Parent Company has taken necessary steps to manage its financial obligations. It received the consent of JT Banka, the lender under the Parent Company's loan facility of USD 40m, to defer payment of all interest for the period between 1 January 2022 and 30 June 2023 to 30 September 2023. Payment of the principal due between 1 January 2022 and 30 June 2023 was deferred to the maturity date, which is 31 December 2025. The aim of these postponements was to ensure that the Parent Company has the ability to repay NUPEH CZ for the purpose of subsequent coupon payments to the bondholders and partially redeeming the bonds.

Although the Group's real estate property owners continue to operate and generate cash incomings from the date martial law was introduced in Ukraine, the National Bank of Ukraine imposed temporary restrictions, including suspending the operation of the Ukrainian FX market (except FX sales by customers) and introducing a moratorium on cross-border foreign currency payments that currently make it impossible to upstream cash from Ukrainian subsidiaries to the Parent Company. However, the restrictions are expected to be eased going forward. Already as at the date of this memo, the National Bank of Ukraine permitted state-owned enterprises to transfer funds abroad to fulfill those of their credit or loan obligations to non-residents that were restructured on terms agreed with the government. The business community expects further restrictions to be cancelled.

Through the trading of Ukrainian government bonds, the Parent Company NUPEH received cash that was used to pay NUPEH CZ, as service of the intragroup loan, the amount of USD

8.6m and additional capital in the amount of USD 1.9m, which were channelled by NUPEH CZ towards a regular coupon payment and the announced early redemption. On May 2, the Company executed the early redemption of 21% of the bonds (CZK 222.7m or USD 9.9m).

In September 2023, the Company again published a Notice of early redemption of the bonds, whereby the nominal amount of each bond will be decreased further from CZK 7,900 to CZK 6,550. The early redemption of the bonds' face value together with a 1% penalty for early redemption amounted to CZK 141.2m and will be exercised on 30 October 2023.

Notwithstanding the above, as at the date of the memo the Parent Company had a sufficient cash balance to service its bank debt and loan obligations to NUPEH CZ. Taking into account the Guarantor's (the Parent Company's) DSR account balance of USD 1.6m, the total cash available as at the issuance date of the financial statements amounted to USD 9.4m, or USD 6.8m above the USD 2.6m required for the following coupon payments:

- Coupon payment on 30 October 2023
- Coupon payment on 30 April 2024

With regard to the destroyed building of the West Gate Logistics warehouse, the owner company initiated a criminal case and registered the damage incurred on the special website <https://damaged.in.ua/>, which was launched jointly with the Office of the President of Ukraine and the Ministry of Economy of Ukraine to collect information about properties damaged as a result of the Russian invasion. The Company received a report from the Kyiv Scientific Research Institute of Forensic Expertise (under the Ministry of Justice of Ukraine) containing a comprehensive examination of the damage suffered by the West Gate Logistics warehouse (construction and technical aspects, goods lost, investigation of traces of weapons, missile traces and situational circumstances of the shot and explosives, etc.). This information can later be presented as evidence to Ukrainian and/or international courts or via other procedures to seek compensation for damage. The Ukrainian government has not yet established explicit legal mechanisms to seek compensation for losses incurred by businesses targeted by Russian military attacks. However, officials are actively working on developing such mechanisms.

The Russian invasion has had considerable impact on the Company's financial statements due to the increased credit risk resulting in a material adjustment to ECL (see Note 6).

The financial impact on individual Ukrainian SPVs' cash flows and other financial indicators, which serve to pay interest on the bonds, is described in more detail in section 1b of the annual report. The potential additional direct financial impact caused by the Russian invasion is hard to predict.

Management believes that the actions taken and management's future plans including variable scenarios will support the sustainability of the Company's business, which may mitigate the level of uncertainty to the degree enabling management to conclude that the company is a going concern. However, the future business environment may differ from management's assessment. Prolongation of military hostilities may result in a disruption of daily operating activities of the Parent Company or significant damage to the Parent Company's assets. The conditions and situation described above indicate the existence of material uncertainty that may create significant doubt about the Company's ability to continue as a going concern.

These financial statements have been prepared on a going concern basis and do not include any adjustments that would be necessary if the Company was unable to continue as a going concern.

**(f) Measurement of fair values**

Some of the Company's accounting policies and disclosures require the measurement of fair values.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- *Level 3*: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. During the six months ended 30 June 2023 and 30 June 2022 and year ended 31 December 2022, no transfer between levels of the fair value hierarchy was recognised.

**3 Significant accounting policies**

The accounting policies used in these condensed interim financial statements are the same as the policies used for the Annual Report of the Company as at 31 December 2022 and for the year ended 31 December 2022. The significant accounting policies applied in the preparation of these financial statements are described below.

**(a) Foreign currency transactions**

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of these transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rates as at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising in translation are recognised in profit or loss.

In preparation of these financial statements for the translation of the operations and balances

of the Company denominated in foreign currencies, management applied the Czech National Bank official exchange rates.

**(b) Financial instruments**

***(i) Recognition, initial measurement and derecognition***

Trade receivables are initially recognized when they are originated.

All other financial assets and financial liabilities are initially recognized on the date when originated. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

***(ii) Classification and subsequent measurement of financial assets***

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL to eliminate or significantly reduce an accounting mismatch:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely

payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

The Company's financial assets comprise trade and other accounts receivable, cash and cash equivalents and loans provided and are classified into the financial assets at amortised cost category. These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Cash and cash equivalents comprise cash balances, call deposits and highly liquid investments with maturities of three months or less from the acquisition date that were subject to insignificant risk of changes in their fair value.

#### *Business model assessment*

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

#### *Assessment whether contractual cash flows are solely payments of principal and interest*

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for

the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Company's claim to cash flows from specified assets – e.g. non-recourse asset arrangements; and
- features that modify consideration of the time value of money – e.g. periodical reset of interest rates.

### ***(iii) Classification and subsequent measurement of financial liabilities***

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it meets the definition of held-for-trading or it is designated as such on initial recognition.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

The Company measures all of its financial liabilities at amortized cost, except for derivatives which are measured at FVTPL.

### ***(iv) Offsetting***

Financial assets and liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Company currently has a legally enforceable right to set off and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The Company has a legally enforceable right to set off if that right is not contingent on a future event and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the Company and all counterparties.

### ***(v) Derivative financial instruments***

The Company holds derivative financial instruments to hedge its foreign currency risk exposures.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

### **(c) Impairment**

The Company uses “expected credit loss” (ECL) model. This impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI.

The financial assets at amortised cost consist of trade and other accounts receivable and cash and cash equivalents and short-term deposits and loans.

Loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Company has elected to measure loss allowances for trade and other accounts receivable at an amount equal to lifetime ECLs.

Impairment on cash and cash equivalents is measured on a 12-month expected loss basis and reflects the short maturities of the exposures.

The Company has credit risk rating system and assesses debtors’ solvency based on information obtained on regular basis. The Company considers there to have been a significant increase in credit risk since initial recognition if:

- the credit internal rating has deteriorated by two or more degrees since initial recognition;
- the receivable or part thereof is more than 30 days past due;
- the exposure has been designated as a exposure with forbearance;

an individual assessment has been conducted by the management of the Company, which on the basis of available information, has determined that the receivable exhibits signs of an increased credit risk.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

#### *Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

### *Credit-impaired financial assets*

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a debt or advance by the Company on terms that the Company would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

In making an assessment of whether cash and cash equivalents are credit-impaired, the Company considers the following factors:

- significant financial difficulty of the bank;
- a breach of contract such as a default or a contractual payment being more than a couple of days past due;
- it is becoming probable that the bank will enter bankruptcy or other financial reorganisation.

### *Presentation of impairment*

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impairment losses on financial assets are presented under "Impairment losses on financial instruments".

## **(d) Finance costs and finance income**

Finance costs comprises interest expense on loans and borrowings, unwinding of discount on financial liabilities and foreign exchange losses.

Finance income comprises interest income on funds invested and foreign exchange gains.

Interest expense and interest income are recognised in profit or loss using the effective interest method. Foreign currency gains and losses are reported on a net basis as either finance income or finance costs.

The "effective interest rate" is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross

carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. For financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

**(e) Equity**

*Registered capital*

Registered capital is represented by the capital paid by the shareholder.

*Other capital accounts*

Other capital accounts is represented by the contribution outside of the registered capital from the shareholder.

*Retained earnings*

Retained earnings include accumulated profits and losses incurred by the Company.

**(f) Income tax expense**

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

In determining the amount of current and deferred tax the Company takes into account the impact of uncertain tax positions and whether additional taxes, penalties and late-payment interest may be due.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the

same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

#### 4 **New standards and interpretations not yet adopted**

A number of new standards are effective for period of six months beginning after 1 January 2023, and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Company's financial statements:

- *Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture;*
- *IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts;*
- *Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021)*
- *Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021)*
- *Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- *Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback;*
- *Amendments to IAS 1 - Classification of Liabilities as Current or Non-current;*
- *Amendments to IAS 1 – Non-current Liabilities with Covenants.*

#### 5 **Cash and cash equivalents**

Cash and cash equivalents as at 30 June 2023 and as at 31 December 2022 were as follows:

|                              | <b>30 June 2023</b> | <b>31 December 2022</b> |
|------------------------------|---------------------|-------------------------|
| <i>(in thousands of USD)</i> |                     |                         |
| Cash on bank accounts        | 88                  | 1,241                   |
|                              | <b>88</b>           | <b>1,241</b>            |

The Company holds funds with financial institutions in the Czech Republic, which are subject to

regulatory supervision. Any impairment of funds was considered based on expected losses for twelve months and the Company concluded on grounds of a completed analysis that the level of ECL is immaterial.

## 6 Provided loans

|                              | 30 June 2023  | 31 December 2022 |
|------------------------------|---------------|------------------|
| <i>(in thousands of USD)</i> |               |                  |
| Loan to Shareholder          | 42,854        | 49,585           |
| Expected credit losses       | (9,806)       | (4,759)          |
|                              | <b>33,048</b> | <b>44,826</b>    |
| Out of that: long term       | 32,330        | 41,941           |
| Out of that: short term      | 718           | 2,885            |

Provided loans caption is fully presented by the loan granted to the Shareholder NEW UKRAINE PE HOLDING LIMITED, the maturity of which is in line with the maturity of the principal of the bonds (see Note 9). According to the contractual conditions, the debtor is obliged to repay the amount corresponding to the creditor's obligation from the issued bonds before the maturity date of the bonds. Short-term financial instruments represent accrued interest on loans provided, which are due till 30 June 2024.

The nominal interest rate is fixed. There were no fees associated with the loan, interest is repaid on an ongoing basis, so the effective interest rate approximates the nominal interest rate.

Data valid as at 30 June 2023:

| <i>(in thousands of USD)</i> | <b>Principal</b> | <b>Interest</b> | <b>Maturity</b> | <b>Interest rate (%)</b> | <b>EIR</b>  |
|------------------------------|------------------|-----------------|-----------------|--------------------------|-------------|
| Loan to Shareholder          | 42,136           | 718             | 16 October 2025 | 8,2%                     | 8,2%        |
|                              | <b>42,136</b>    | <b>718</b>      |                 | <b>8,2%</b>              | <b>8,2%</b> |

Part of the loan principal in the amount of USD 4,564 thousand was repaid on 26 April 2023, during the prior accounting period there were no repayments of principal.

Data valid as at 31 December 2022:

| <i>(in thousands of USD)</i> | <b>Principal</b> | <b>Interest</b> | <b>Maturity</b> | <b>Interest rate (%)</b> | <b>EIR</b>  |
|------------------------------|------------------|-----------------|-----------------|--------------------------|-------------|
| Loan to Shareholder          | 46,700           | 2,885           | 16 October 2025 | 8,2%                     | 8,2%        |
|                              | <b>46,700</b>    | <b>2,885</b>    |                 | <b>8,2%</b>              | <b>8,2%</b> |

*Information on reported impairment*

The following table sets out the amount of Expected Credit Losses to the Loan to the Shareholder:

| <i>(in thousands of USD)</i> | <b>1 January 2023</b> | <b>Increase</b> | <b>30 June 2023</b> |
|------------------------------|-----------------------|-----------------|---------------------|
| Loan to Shareholder          | 4,759                 | 5,047           | 9,806               |
|                              | <b>4,759</b>          | <b>5,047</b>    | <b>9,806</b>        |

| <i>(in thousands of USD)</i> | <b>1 January 2022</b> | <b>Increase</b> | <b>31 December 2022</b> |
|------------------------------|-----------------------|-----------------|-------------------------|
| Loan to Shareholder          | 995                   | 3,764           | 4,759                   |
|                              | <b>995</b>            | <b>3,764</b>    | <b>4,759</b>            |

The provision for expected credit losses was calculated on a lifetime basis (expected credit losses that result from all possible default events over the expected life of the financial instrument.).

External rating equivalent is derived from credit ratings of comparable companies in the industries in which the debtor operates.

Moody's long-term obligations ratings are opinions of relative credit risk of fixed-income obligations with an original maturity one year or more. They address the possibility that a financial obligation will not be honoured as promised. Such ratings reflect both the likelihood of default and any financial loss suffered in the event of default.

Obligations rated Ca are judged to be highly speculative and are likely in, or very near, default on some but not all of their long-term debt obligations. Obligations rated Caa are judged to be poor standing and are subject to very high credit risk.

[https://www.moodys.com/research/doc--PBC\\_79004](https://www.moodys.com/research/doc--PBC_79004)

In 2023 and 2022 the Loan was classified according to risk Stage 2.

The borrower is incorporated under the legislation of Cyprus, however all its assets on which the loan repayment is depended are situated in Ukraine.

The reason for the transfer between stages during the accounting period is the increase in potential credit risks connected with the Russian invasion.

Current year calculation is based on the Lifetime ECL of Ukraine's rating as at 30 June 2023 - Ca. The PD value used for the calculation as at 30 June 2023 was obtained from Moody's Annual Default Study 2022, Exhibit 41: Average cumulative issuer-weighted global default rates by alphanumeric rating, 1983-2022 was 44.6%.

|    | 1     | 2     |
|----|-------|-------|
| Ca | 32.6% | 44.6% |

The LGD parameter used as at 30 June 2023 was obtained from Moody's Annual Default Study 2022, Exhibit 28: Average senior unsecured bond recovery rates by year before default, 1983-2022 and is 61.5%

Prior year calculation was based on the Lifetime ECL of Ukraine's rating as at 31 December.2022 - Caa. The PD value according to Moody's report for the year 2022 obtained from Moody's Annual Default Study 2022, Exhibit 41: Average cumulative issuer-weighted global default rates by alphanumeric rating, 1983-2022 was 19.9%.

|     | 1    | 2     | 3     |
|-----|------|-------|-------|
| Caa | 7,1% | 13,8% | 19,9% |

The LGD parameter as at 31 December 2022 obtained from Moody's Annual Default Study 2022, Exhibit 28: Average senior unsecured bond recovery rates by year before default, 1983-2022 was 61.5%.

The method of determining the amount of the impairment, together with the parameters of PD and LGD, is described in more detail in Note 15 - Risk management procedures and disclosure of information.

|                              | <b>30 June 2023</b> |                        | <b>31 December 2022</b> |                        |
|------------------------------|---------------------|------------------------|-------------------------|------------------------|
|                              | <b>Fair value</b>   | <b>Carrying amount</b> | <b>Fair value</b>       | <b>Carrying amount</b> |
| <i>(in thousands of USD)</i> |                     |                        |                         |                        |
| Loan to Shareholder          | 33,048              | 33,048                 | 44,826                  | 44,826                 |
|                              | <b>33,048</b>       | <b>33,048</b>          | <b>44,826</b>           | <b>44,826</b>          |

All interest-bearing financial instruments at amortised cost are categorised in Level 3 of the fair value hierarchy (for more details on the measurement, see note 2 (f) – Measurement of fair values).

The fair value is based on the discounted cash flows valuation technique. The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate as at 30 June 2023 and as at 31 December 2022.

## 7 Trade and other receivables

|                                                                               | 30 June 2023        | 31 December 2022    |
|-------------------------------------------------------------------------------|---------------------|---------------------|
| <i>(in thousands of USD)</i>                                                  |                     |                     |
| Other receivables – related to contribution to outside the registered capital | 3,900               | 1,900               |
| Other assets                                                                  | 22                  | 64                  |
|                                                                               | <u><b>3,922</b></u> | <u><b>1,964</b></u> |
| Out of that: short term                                                       | <u>3,922</u>        | <u>1,964</u>        |
| Out of that: long term                                                        | -                   | -                   |

As at 30 June 2023, the Company did not record any overdue trade receivables or other overdue assets.

In the six months ended 30 June 2023, a surcharge outside the registered capital occurred in the amount of USD 3,900 thousand by NEW UKRAINE PE HOLDING LIMITED (in 2022, in the amount of USD 1,900 thousand).

Receivable related to contribution outside of the registered capital in the amount of USD 1,900 thousand related to the year 2022 were paid on 26 April 2023.

Credit risks and impairment losses in relation to trade and other receivables are dealt with in Note 15 - Risk Management and Disclosure Procedures.

Other assets contains mostly prepaid expenses related to administrative fees paid in relation to issuance of bonds which are not part of effective interest rate and therefore are not part of carrying value of bonds.

## 8 Equity

The Company's registered capital amounts to USD 9 thousand. As at 30 June 2023 as well as at 31 December 2022, it consisted of one business share, which is owned by the Shareholder (Parent). The Company does not own its own shares.

The business share is fully paid. The business share was pledged in favour to company J&T Banka, a.s.

There are no special rights, preferences or restrictions attached to the business share. The dividend pay-out or the repayment of capital are not restricted in any way.

| <i>(in thousands of USD)</i>   | <b>Amount</b> | <b>Ownership interest %</b> | <b>Voting rights %</b> |
|--------------------------------|---------------|-----------------------------|------------------------|
| NEW UKRAINE PE HOLDING LIMITED | 9             | 100%                        | 100%                   |
|                                | <b>9</b>      | <b>100%</b>                 | <b>100%</b>            |

The Company has other capital accounts in the amount of USD 10,260 thousand, as at 31 December 2022 in the amount of USD 6,360 thousand, the balance consists of surcharges outside the registered capital by sole shareholder of the Company.

In six months ended 30 June 2023, a surcharge outside the registered capital occurred in the amount of USD 3,900 thousand by the NEW UKRAINE PE HOLDING LIMITED (in six months ended 30 June 2022 no surcharge outside the registered capital occurred).

For the six months ended 30 June 2023 the company reports a cumulative loss in the amount of USD 3,986 thousand (for the six months ended 30 June 2022: USD 391 thousand). The company's management considerations in respect of this situation were described in Note 2e.

## 9 Issued bonds

|                                | <b>30 June 2023</b> | <b>31 December 2022</b> |
|--------------------------------|---------------------|-------------------------|
| <i>(in thousands of USD)</i>   |                     |                         |
| Issued bonds at amortized cost | 37,612              | 45,910                  |
|                                | <b>37,612</b>       | <b>45,910</b>           |
| Out of that: short term        | 949                 | 875                     |
| Out of that: long term         | 36,663              | 45,035                  |

Short-term financial instruments are represented by accrued interest on issued bonds, which is due within one year from the balance sheet date. Long-term instruments are presented by the principal payable.

The Company has exercised its right to partially redeem its obligation from issued bonds and on 30 April 2023 partially repaid the nominal value of the issued bonds. The nominal value was decreased from the original value CZK 10,000 to CZK 7,900 per bond. The Notice of early redemption of the bonds was issued on 21 March 2023. The owners of the bonds received extraordinary interest income in the amount of 1% of the total amount of the early repaid nominal amount of the bonds.

The amount of the long-term part of the issued bonds changed year-on-year due to the early redemption of the bonds and due to exchange rate difference (the bonds were issued in CZK, and for the purposes of the financial statements they are revalued at the USD exchange rate as of June 30 and December 31 of the respective year).

Detailed information in respect of the bonds issued as at 30 June 2023 is provided in the table below:

| <i>(in thousands of USD)</i> | Principal     | Accrued interest | Maturity        | Coupon rate (%) | EIR      |
|------------------------------|---------------|------------------|-----------------|-----------------|----------|
| Issued bonds                 | 24,379        | 738              | 30 October 2025 | 5,9%            | 6,76%    |
| Issued bonds                 | 7,019         | 121              | 30 October 2025 | 5,9%            | 7,00%    |
| Issued bonds                 | 5,265         | 90               | 30 October 2025 | 5,9%            | 7,00%    |
|                              | <b>36,663</b> | <b>949</b>       |                 | <b>5,9%</b>     | <b>-</b> |

Detailed information in respect of the bonds issued as at 31 December 2022 is provided in the table below:

| <i>(in thousands of USD)</i> | Principal     | Accrued interest | Maturity        | Coupon rate (%) | EIR      |
|------------------------------|---------------|------------------|-----------------|-----------------|----------|
| Issued bonds                 | 29,974        | 694              | 30 October 2025 | 5,9%            | 6,76%    |
| Issued bonds                 | 8,606         | 103              | 30 October 2025 | 5,9%            | 7,00%    |
| Issued bonds                 | 6,455         | 78               | 30 October 2025 | 5,9%            | 7,00%    |
|                              | <b>45,035</b> | <b>875</b>       |                 | <b>5,9%</b>     | <b>-</b> |

The issued bonds were accepted and listed on the public market regulated by the company Burza cenných papírů Praha, a.s. (Stock exchange in Prague (Czech Republic)) on 30 October 2020 with the total nominal value of CZK 1,050 million (USD 46,373 thousand), maturing in 2025.

The above mentioned issuance of bonds comprised of tranche of 30 October 2020 with total nominal value of CZK 700 million (USD 30,048 thousand) and tranche of 30 June 2021 with total nominal value of CZK 350 million (USD 16,325 thousand).

Interest is payable twice: on 30 April and 30 October each year. The total nominal amount of subscribed bonds as at 30 June 2023 was CZK 829,5 million, as at 31 December 2022 it was CZK 1,050 million.

NEW UKRAINE PE HOLDING LIMITED (Shareholder) guaranteed the Issuer's bonds in the form of a financial guarantee under Czech law. The Company may redeem the bonds at any time at any price on the market or otherwise. If there is no other early repayment, the Company will repay the remaining principal of the bond in a lump sum on 30 October 2025.

Transaction costs in the amount of CZK 22,097 thousand (USD 946 thousand) were associated with the issue of the tranche with the nominal value of CZK 700 million. These costs are recognized in the income statement during the bonds' life based on the effective interest rate. The coupon rate is 5.9%. The effective interest rate is 6.76 %.

Transaction costs in the amount of CZK 6,331 thousand (USD 288 thousand) were associated with the issue of the tranche with the nominal value of CZK 200 million. These costs are recognized in the income statement during the bonds' life based on the effective interest rate. The coupon rate is 5.9%. The effective interest rate is 7.00 %.

Transaction costs in the amount of CZK 4,748 thousand (USD 216 thousand) were associated with the issue of the tranche with the nominal value of CZK 150 million. These costs are recognized in the income statement during the bonds' life based on the effective interest rate. The coupon rate is 5.9%. The effective interest rate is 7.00 %.

|                              | <b>30 June 2023</b> |                        | <b>31 December 2022</b> |                        |
|------------------------------|---------------------|------------------------|-------------------------|------------------------|
|                              | <b>Fair value</b>   | <b>Carrying amount</b> | <b>Fair value</b>       | <b>Carrying amount</b> |
| <i>(in thousands of USD)</i> |                     |                        |                         |                        |
| Bonds                        | 26,597              | 37,612                 | 32,499                  | 45,910                 |
|                              | <b>26,597</b>       | <b>37,612</b>          | <b>32,499</b>           | <b>45,910</b>          |

All interest-bearing financial instruments at amortised cost are categorised in Level 1 of the fair value hierarchy (for more details on the measurement, see note 2 (f) – Measurement of fair values). The fair value for Level 1 was calculated based on quoted bond price as at 30 June 2023 and 31 December 2022.

## 10 Trade and other liabilities

|                                  | <b>30 June 2023</b> | <b>31 December<br/>2022</b> |
|----------------------------------|---------------------|-----------------------------|
| <i>(in thousands of USD)</i>     |                     |                             |
| Trade liabilities                | 17                  | 28                          |
| Other liabilities                | 1                   | -                           |
| Liability accruals and deferrals | 42                  | 48                          |
|                                  | <u><b>60</b></u>    | <u><b>76</b></u>            |
| Out of that: short term          | <u><u>60</u></u>    | <u><u>76</u></u>            |

As at 30 June 2023 and 31 December 2022 trade and other liabilities are not secured. Management reports there are no overdue liabilities as at 30 June 2023 and 31 December 2022. The liquidity risk, to which the Company is exposed in connection with trade and other payables is described in Note 15 - Risk Management and Disclosure Procedures. Other liabilities as at 30 June 2023 contains mostly remuneration of the audit committee, as at 31 December 2022 there was no balance.

Liability accruals and deferrals as at 30 June 2023 and 31 December 2022 include primarily amount for the financial statements audit and outsourcing of accounting services.

## 11 Receivables and payables from derivatives

|                              | <b>30 June 2023</b> | <b>31 December<br/>2022</b> |
|------------------------------|---------------------|-----------------------------|
| <i>(in thousands of USD)</i> |                     |                             |
| Fair value of the swap       | 635                 | (1,938)                     |
|                              | <u><b>635</b></u>   | <u><b>(1,938)</b></u>       |

As at 30 June 2023 the company has 3 cross currency swaps with J&T BANKA, a.s. to bridge the currency mismatch between the issued bonds and the provided loan in USD.

The Company set up a swap on 30 October 2020 in the amount of CZK 700,000 thousand with a Czech crown interest rate of 5.9% against the amount of USD 30,461 thousand with a dollar interest rate of 7.25%. The maturity of the swap is October 29, 2025.

The Company valued and recognized the fair value of the swap as a receivable in the amount of USD 1,410 thousand as at 30 June 2023, as at 31 December 2022 the fair value of the swap was recognized as a liability in the amount of USD 240 thousand.

The Company set up a swap on 23 June 2021 in the amount of CZK 200,000 thousand with a Czech crown interest rate of 5.9% against the amount of USD 9,421 thousand with a dollar interest rate of 6.45%. The maturity of the swap is October 29, 2025.

The Company valued and recognized the fair value of the swap as a liability in the amount of USD 261 thousand as at 30 June 2023, as at 31 December 2022 the fair value of the swap was recognized as a liability in the amount of USD 970 thousand.

The Company set up a swap on 23 June 2021 in the amount of CZK 150,000 thousand with a Czech crown interest rate of 5.9% against the amount of USD 7,065 thousand with a dollar interest rate of 6.45%. The maturity of the swap is October 29, 2025.

The Company valued and recognized the fair value of the swap as a liability in the amount of USD 196 thousand as at 30 June 2023, as at 31 December 2022 the fair value of the swap was recognized as a liability in the amount of USD 727 thousand.

The Company additionally set up FX swap on 20 March 2023 in the amount of CZK 222,705 thousand against the amount of USD 9,830 thousand. The maturity of the swap is October 27, 2023.

The Company valued and recognized the fair value of the swap as a liability in the amount of USD 318 thousand as at 30 June 2023.

The Company does not report a derivative as a hedging instrument; all movements in fair value are recognized as profit or loss in the Company's income statement.

## **12 Income tax liabilities**

During the six months ended 30 June 2023 and 30 June 2022, the Company did not report any tax obligations. Effective tax in the six months ended 30 June 2023 was 0% (year 2022: 0%). For the six months ended 30 June 2023 and 30 June 2022, the Company did not report any deferred tax due to prudence principle.

## **13 Other operating expenses and staff cost**

Operating expenses represent costs associated with the further servicing and administration of the bonds (see Note 9 - Issued bonds) and accounting and audit expenses.

Staff cost represents remuneration to members of audit committee. The audit committee has three members and two of whom are entitled to remuneration, a remuneration is paid out to the members based on valid service agreement twice a year, in January and July retrospectively.

Other expenses include transaction costs associated with the early redemption of the bonds of 1% of the principal amount prepaid, which amounted to USD 103 thousand, and current account interest earned of USD 25 thousand.

In accordance with IFRS 9, the Company recognised a one-off impact to profit and loss statement on the early redemption of the bonds of USD 111 thousand.

|                                   | <b>Six months<br/>ended 30 June<br/>2023</b> | <b>Six months<br/>ended 30 June<br/>2022</b> |
|-----------------------------------|----------------------------------------------|----------------------------------------------|
| <i>(in thousands of USD)</i>      |                                              |                                              |
| Legal services                    | 8                                            | 5                                            |
| Accounting, audit, administrative | 92                                           | 72                                           |
| Staff cost of audit committee     | 1                                            | 1                                            |
| Other cost                        | 78                                           | -                                            |
| Loss on early redemption of bonds | 111                                          | -                                            |
|                                   | <b>290</b>                                   | <b>78</b>                                    |

#### 14 Financial income and financial expenses

|                                                              | <b>Six months<br/>ended 30 June<br/>2023</b> | <b>Six months<br/>ended 30 June<br/>2022</b> |
|--------------------------------------------------------------|----------------------------------------------|----------------------------------------------|
| <i>(in thousands of USD)</i>                                 |                                              |                                              |
| Interest income calculated using the effective interest rate | 1,831                                        | 1,899                                        |
| Interest income from derivatives                             | 1,447                                        | 1,327                                        |
| Gain on derivatives                                          | 2,573                                        | -                                            |
| Foreign exchange gain                                        | 474                                          | 3,736                                        |
| <b>Total financial income</b>                                | <b>6,325</b>                                 | <b>6,692</b>                                 |

|                                                                    | <b>Six months<br/>ended 30 June<br/>2023</b> | <b>Six months<br/>ended 30 June<br/>2022</b> |
|--------------------------------------------------------------------|----------------------------------------------|----------------------------------------------|
| <i>(in thousands of USD)</i>                                       |                                              |                                              |
| Interest expenses                                                  | 1,461                                        | 1,496                                        |
| Impairment losses on financial instruments                         | 5,046                                        | 679                                          |
| Loss on derivatives                                                | -                                            | 2,678                                        |
| Interest loss from derivatives                                     | 1,636                                        | 1,636                                        |
| Foreign exchange loss                                              | 1,878                                        | 4                                            |
| <b>Total financial expenses</b>                                    | <b>10,021</b>                                | <b>6,493</b>                                 |
| <b>Net financial expenses/income shown in the Income statement</b> | <b>(3,696)</b>                               | <b>469</b>                                   |

Interest income is obtained from the loan provided and interest expense occurs due to the issued bonds.

Impairment losses on financial instruments is created for expected credit loss of loan given to the shareholder. Please refer to Note 6.

Transaction costs associated with the issue are included in interest expense (see Note 9). To bridge the currency difference from holding the bond, the Company holds 3 cross currency swaps and 1 FX swap, the fair value of which was recognized as a derivative gain as at 30 June 2023 (fair value as at 30 June 2022 was recognized as a derivative loss), please refer to Note 11.

Interest income and interest loss from derivatives includes interest from swap operations that Company concluded in order to minimize the interest and currency risk arising from the position of issued bond in CZK and loan granted in USD. Please refer to Note 11.

The exchange rate gains includes among others realized exchange rate gains from money conversion between own bank accounts.

The exchange rate loss includes among others losses from revaluation of bonds issued in CZK to USD and other liabilities.

## 15 Risk management procedures and disclosure of information

Management has overall responsibility for the establishment and oversight of the Company's risk management framework. Shareholders oversee how management monitors compliance with risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks.

The Company's risk management policies are established to identify and analyse the risks faced by the Company to set appropriate risk limits and controls, and to monitor risks and adherence

to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

**(a) Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from receivables from customers.

***Exposure to credit risk***

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

***Loan to Shareholder***

The Company provided a loan to a Shareholder in the amount of USD 42,136 thousand using funds from subscribed bonds.

The Company has its own credit risk assessment system and evaluates the borrower's ability to repay on the basis of regular information obtained.

The Company assigns a degree of risk to the assets based on data that are based on the assumption of possible risk of loss (resulting from debtor's financial statements, management calculations, etc.) or possible late payment risk, to which a qualified credit risk assessment is applied.

The degree of credit risk is determined using qualitative and quantitative factors that are an indicator of potential bankruptcy risk and are in line with the external definition of credit rating agencies. The probability of bankruptcy is then allocated on the basis of historical data collected by these agencies.

***Determining a significant increase in credit risk (SICR) since initial recognition***

At the end of each reporting period, the Company determines whether the credit risk of a financial instrument has increased significantly since the asset was initially recognized.

For this purpose, the Company compares the default risk of a financial instrument at the balance sheet date with the default risk at the date of initial recognition, and further assesses the adequacy and supporting information (available without excessive cost and effort) that indicates a significant increase in credit risk since initial recognition.

The Company assigns a risk rating to assets using information that is based on the possible risk of loss (determined, for instance, from the entity's accounting statements, management calculations, etc.) or the possible risk of late payment, which form a basis for a qualified credit risk assessment.

The credit risk rating is determined using qualitative and quantitative factors that indicate possible risk of bankruptcy, and are in line with definitions by external rating agencies. The probability of bankruptcy is assigned based on historical data gathered by these agencies.

If there has been a significant increase in credit risk since initial recognition, then the exposure is included in Level 2 and the expected lifetime credit loss is estimated. If there is no significant increase in credit risk since initial recognition, then the exposure remains at Level 1 (12-month ECL). If the exposure is defaulted, then it is assigned a Level 3.

#### *Definition of default*

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates the financial assets that meet either of the following criteria are generally not recoverable:

- When there is a breach of financial covenants by the debtor,
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

The Company used the following model to calculate the expected credit losses provision (ECL) as at 30 June 2023:

*(in thousands of USD)*

| <b>External rating equivalent</b> | <b>Probability of decline (PD)</b> | <b>LGD</b> | <b>EAD*</b> | <b>Calculated loss (ECL)</b> |
|-----------------------------------|------------------------------------|------------|-------------|------------------------------|
| Ca                                | 44,6%                              | 61,5%      | 35,750      | 9,806                        |

\*EAD is a discounted gross book value by relevant interest rate and due date

As at 31 December 2022:

*(in thousands of USD)*

| <b>External rating equivalent</b> | <b>Probability of decline (PD)</b> | <b>LGD</b> | <b>EAD</b> | <b>Calculated loss (ECL)</b> |
|-----------------------------------|------------------------------------|------------|------------|------------------------------|
| Caa                               | 19,9%                              | 61,5%      | 38,888     | 4,759                        |

The external rating equivalent is derived from credit ratings of comparable companies in the industries in which the debtor operates.

Probability of default (PD) constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. For the purposes of ECL calculation to the provided loan to parent company the international credit rating of Ukraine ([www.moodys.com](http://www.moodys.com)) as of 30 June 2023, respectively as of 31 December 2022 was used.

On 10 February 2023, Moody's Investors Service global rating agency downgraded Ukraine's long-term foreign and local currency sovereign ratings and senior unsecured debt ratings to C from Caa3 and changed Ukraine's outlook to stable from negative. On 6 April 2023, S&P global rating agency downgraded Ukraine's long-term foreign currency sovereign rating to CCC from CCC+ and changed Ukraine's outlook to negative from stable.

Loss given default (LGD) is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. For the purposes of ECL calculation to the provided loan to parent company as at 30 June 2023, the PD was determined to 61,5 %, as at 31 December 2022 the value of 61,5 %, the debtor has significant amount of assets, represented by Investment properties located in Ukraine. In case of default under loan receivable, such properties will be used to settle the liabilities of the debtor.

The reported impairment was presented as part of financial expenses.

The Company also assesses sensitivity to changes in the borrower's credit risk. If its creditworthiness changes, the probability of loss changes as well.

If the probability of bankruptcy increases by 10%, the ECL would increase by USD 981 thousand, as at 31 December 2022 by 476 thousand USD. If the probability of bankruptcy decreases by 10%, ECL would decrease by USD 981 thousand, as at 31 December 2022 by 476 thousand USD.

The Company also perceives differences between the economic conditions during the period for which historical data is collected, the current conditions and the expected economic conditions for the expected term of the loan.

The shareholders of NEW UKRAINE PE HOLDING LIMITED (i.e. parent company of NUPEH CZ s.r.o. as at 30 June 2023) were Dragon Capital Investments Limited (Republic of Cyprus) with 21.96% ownership, the company ultimately controlled by Tomas Fiala, Dragon Capital New Ukraine Fund (Jersey) with 35.85% ownership, Larington Holdings Ltd. with 39.64% ownership and Langrose Investment Ltd with 2.55%.

The shareholders of NEW UKRAINE PE HOLDING LIMITED (i.e. parent company of NUPEH CZ s.r.o. as at 31 December 2022) were Dragon Capital Investments Limited (Republic of Cyprus) with 21.96% ownership, the company ultimately controlled by Tomas Fiala, Dragon Capital New Ukraine Fund (Jersey) with 35.85% ownership, Larington Holdings Ltd. with 39.64% ownership and Langrose Investment Ltd with 2.55%.

Dragon Capital New Ukraine Fund (Jersey) is a limited partnership of Jersey formed under a partnership agreement and had the following structure as at 30 June 2023 and 31 December 2022: Ukrainian Redevelopment Fund LP - 43%, Dragon Capital Investments Limited (Republic of Cyprus) – 42%, Northern Point Holdings Limited – 14% and DC Partners (Jersey) Limited (a company 100% owned by Dragon Capital Investments Limited (Republic of Cyprus)) – 1%.

In accordance with the shareholders' agreement of New Ukraine PE Holding Limited, key strategic decisions are made by the shareholders together holding more than 90% of shares in the Company's issued share capital.

The main activities of the Company are investing in real estate sector in Ukraine.

As at 30 June 2023 and 31 December 2022, the Parent's investments are represented by the following projects:

- Pyramida project: a shopping centre with a gross leasing area of 15,934 sq. m (to increase to 19,238 sq. m upon reconstruction);
- East Gate Logistic project: an A-class warehouse with a gross leasing area of 49,029 sq. m.;
- West Gate Logistic project: an A-class warehouse with a gross leasing area of 7,316 sq. m. and associated land plot of 14.4 ha.;
- Property Management Solutions One ("PMS One"): A-class business centre "Eurasia" with a gross leasing area of 27,854 sq. m.;
- Property Management Solutions Two ("PMS Two"): A-class business centre "Prime" with a gross leasing area of 8,761 sq. m. and associated land plot of 0.15 ha.

The Parent's investments are primarily located in Ukraine. Consequently, they are exposed to the economic and financial markets of Ukraine, which display characteristics of an emerging market. The political and economic situation in Ukraine has been subject to significant turbulence in recent years. The legal, tax and regulatory frameworks continue to develop but are subject to varying interpretations and frequent changes, which together with other legal and fiscal impediments contributes to the challenges faced by entities operating in Ukraine. These challenges were compounded by Russia's military aggression against Ukraine which began in 2014 and resulted in Russia's annexation of Crimea and pro-Russian separatists taking control of parts of the eastern Luhansk and Donetsk regions in 2014-2015.

On February 24, 2022, Russian armed forces invaded Ukraine, starting an all-out war and initially securing large swathes of territory in the north and south. The Ukrainian government introduced 30-day martial law on the day of the Russian invasion, subsequently extending it to the financial statements issuance date. As of the end of July 2023, Russian forces remained in control of an estimated 109,000 km<sup>2</sup> or 18% of Ukraine. The Russian-occupied territory mostly comprises parts of the Luhansk and Donetsk regions in the east as well as Zaporizhya and Kherson regions and Crimea in the south. Approximately 40% of the area currently under Russian control was captured during the first phase of Russian military aggression in 2014-2015 (Crimea and parts of the two eastern regions). Although a relatively small part of Ukrainian territory was directly affected by fighting as of writing, the ongoing hostilities on the ground, being compounded by massive Russian airstrikes on infrastructural and civilian targets across the country, have and will likely continue to inflict significant economic damage. The full scale and consequences of this damage, and its impact on Ukrainian economic activity going forward, are currently very hard to assess.

The assessment of the credit risks related to the loan to the Parent Company reflects management's assessment of the impact of the Ukrainian business environment on the operations and the financial position of the Parent Company.

Credit risk by type of counterparty as at 30 June 2023 was as follows:

*(in thousands of USD)*

| <b>Assets</b>               | <b>Enterprises (Real-estate)</b> | <b>Banks</b> | <b>Total</b>  |
|-----------------------------|----------------------------------|--------------|---------------|
| Cash and cash equivalents   | -                                | 88           | <b>88</b>     |
| Trade and other receivables | 3,900                            | -            | <b>3,900</b>  |
| Provided loans              | 33,048                           | -            | <b>33,048</b> |
| Prepaid expense             | 22                               |              | <b>22</b>     |
| <b>Total</b>                | <b>36,970</b>                    | <b>88</b>    | <b>37,058</b> |

Credit risk by type of counterparty as at 31 December 2022 was as follows:

*(in thousands of USD)*

| <b>Assets</b>               | <b>Enterprises (Real-estate)</b> | <b>Banks</b> | <b>Total</b>  |
|-----------------------------|----------------------------------|--------------|---------------|
| Cash and cash equivalents   | -                                | 1,241        | <b>1,241</b>  |
| Trade and other receivables | 1,900                            | -            | <b>1,900</b>  |
| Provided loans              | 44,826                           | -            | <b>44,826</b> |
| Prepaid expense             | 64                               | -            | <b>64</b>     |
| <b>Total</b>                | <b>46,790</b>                    | <b>1,241</b> | <b>48,031</b> |

Credit risk by counterparty's territory as at 30 June 2023 was as follows:

*(in thousands of USD)*

| <b>Assets</b>               | <b>Republic of Cyprus</b> | <b>Czech republic</b> | <b>Total</b>  |
|-----------------------------|---------------------------|-----------------------|---------------|
| Cash and cash equivalents   | -                         | 88                    | <b>88</b>     |
| Trade and other receivables | 3,900                     | -                     | <b>3,900</b>  |
| Provided loans              | 33,048                    | -                     | <b>33,048</b> |
| Prepaid expense             | -                         | 22                    | <b>22</b>     |
| <b>Total</b>                | <b>36,948</b>             | <b>110</b>            | <b>37,058</b> |

Credit risk by counterparty territory as at 31 December 2022 was as follows:

*(in thousands of USD)*

| <b>Assets</b>               | <b>Republic of Cyprus</b> | <b>Czech Republic</b> | <b>Total</b>  |
|-----------------------------|---------------------------|-----------------------|---------------|
| Cash and cash equivalents   | -                         | 1,241                 | <b>1,241</b>  |
| Trade and other receivables | 1,900                     | -                     | <b>1,900</b>  |
| Provided loans              | 44,826                    | -                     | <b>46,826</b> |
| Prepaid expense             | -                         | 64                    | <b>64</b>     |
| <b>Total</b>                | <b>46,726</b>             | <b>1,305</b>          | <b>48,031</b> |

**(b) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, to the maximum extent possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The table below provides an analysis of the Company's financial assets and liabilities broken down by maturity, specifically by the time remaining from the balance sheet date to the contractual maturity date. For cases where there is a possibility of earlier repayment, the Company chooses the most prudent method of assessment.

Therefore, the earliest possible repayment date is shown for liabilities, and the latest possible repayment date is shown for assets.

Contractual cash flows from financial assets and contractual maturities of financial liabilities as at 30 June 2023 were as follows:

*(in thousands of USD)*

|                             | <b>Book value</b> | <b>Contractual cash flows</b> | <b>Less than 3 months</b> | <b>3 months to 1 year</b> | <b>1 – 5 years</b> | <b>Longer / Unspecified</b> |
|-----------------------------|-------------------|-------------------------------|---------------------------|---------------------------|--------------------|-----------------------------|
| <b>Assets</b>               |                   |                               |                           |                           |                    |                             |
| Cash and cash equivalents   | 88                | 88                            | 88                        | -                         | -                  | -                           |
| Fair value of derivatives   | 635               | 635                           | -                         |                           | 635                |                             |
| Trade and other receivables | 3,900             | 3,900                         | -                         | 3,900                     | -                  | -                           |
| Provided loans              | 33,048            | 50,797                        | -                         | 3,473                     | 47,324             | -                           |
| Prepaid expense             | 22                | 22                            | -                         | 22                        | -                  | -                           |
| <b>Total</b>                | <b>37,693</b>     | <b>55,442</b>                 | <b>88</b>                 | <b>7,395</b>              | <b>47,959</b>      | <b>-</b>                    |

|                          |                 |                 |             |                |                 |          |
|--------------------------|-----------------|-----------------|-------------|----------------|-----------------|----------|
| <b>Liabilities</b>       |                 |                 |             |                |                 |          |
| Trade and other payables | (60)            | (60)            | (60)        | -              | -               | -        |
| Bonds issued             | (37,612)        | (43,550)        | -           | (2,585)        | (40,965)        | -        |
| <b>Total</b>             | <b>(37,672)</b> | <b>(43,610)</b> | <b>(60)</b> | <b>(2,585)</b> | <b>(40,965)</b> | <b>-</b> |
| <b>Net cash flow</b>     | <b>21</b>       | <b>11,832</b>   | <b>28</b>   | <b>4,810</b>   | <b>6,994</b>    | <b>-</b> |

Contractual cash flows from financial assets and contractual maturities of financial liabilities as at 31 December 2022 were as follows:

*(in thousands of USD)*

|                             | <b>Book value</b> | <b>Contractual cash flows</b> | <b>Less than 3 months</b> | <b>3 months to 1 year</b> | <b>1 – 5 years</b> | <b>Longer / Unspecified</b> |
|-----------------------------|-------------------|-------------------------------|---------------------------|---------------------------|--------------------|-----------------------------|
| <b>Assets</b>               |                   |                               |                           |                           |                    |                             |
| Cash and cash equivalents   | 1,241             | 1,241                         | 1,241                     | -                         | -                  | -                           |
| Trade and other receivables | 1,900             | 1,900                         | -                         | 1,900                     | -                  | -                           |
| Provided loans              | 44,826            | 60,287                        | -                         | 5,917                     | 54,370             | -                           |
| Prepaid expense             | 64                | 64                            | -                         | 64                        | -                  | -                           |
| <b>Total</b>                | <b>48,031</b>     | <b>63,492</b>                 | <b>1,241</b>              | <b>7,881</b>              | <b>54,370</b>      | <b>-</b>                    |
| <b>Liabilities</b>          |                   |                               |                           |                           |                    |                             |
| Trade and other payables    | (76)              | (76)                          | (76)                      | -                         | -                  | -                           |
| Payables of derivatives     | (1,938)           | (1,938)                       | -                         | -                         | (1,938)            | -                           |
| Bonds issued                | (45,910)          | (55,045)                      | -                         | (12,787)                  | (42,258)           | -                           |
| <b>Total</b>                | <b>(47,924)</b>   | <b>(57,059)</b>               | <b>(76)</b>               | <b>(12,787)</b>           | <b>(44,196)</b>    | <b>-</b>                    |
| <b>Net cash flow</b>        | <b>107</b>        | <b>6,433</b>                  | <b>1,165</b>              | <b>(4,906)</b>            | <b>10,174</b>      |                             |

The management monitors the level of expected cash inflows on provided loans together with expected cash outflows on the bonds issued.

**(c) Currency risk**

Transactions related to the issued bonds were captured by the Company by concluding cross currency swaps with the bank.

More details regarding cross currency swap no.1 are in the table below:

|                                  |                                                                                                                                                        |
|----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|
| Party A                          | J&T BANK („J&TB“)                                                                                                                                      |
| Party B                          | NUPEH CZ s.r.o. („NUPEH“)                                                                                                                              |
| Instrument                       | USD/CZK Cross currency swap                                                                                                                            |
| Purpose                          | hedge of currency and interest rate risk related to a new bond issue in CZK                                                                            |
| Market                           | OTC                                                                                                                                                    |
| Side                             | NUPEH borrows USD and pays USD fix coupon @7.25% pa 30E/360 s/a,<br>and lends CZK and receives CZK fix coupon @5.90% pa 30E/360 s/a<br>J&TB vice versa |
| Currency pair                    | USD/CZK                                                                                                                                                |
| Tenor                            | 5 years                                                                                                                                                |
| Exchange rate                    | 22.980 (spot market rate)                                                                                                                              |
| Notional                         | 700,000,000 CZK                                                                                                                                        |
| <b>Initial notional exchange</b> |                                                                                                                                                        |
| volume, currency                 | 700,000,000 CZK                                                                                                                                        |
| Side                             | NUPEH buys USD vs CZK, J&TB vice versa                                                                                                                 |
| Value date                       | October 30th 2020                                                                                                                                      |
| <b>Final notional Exchange</b>   |                                                                                                                                                        |
| Volume, currency                 | 700,000,000 CZK                                                                                                                                        |
| Side                             | NUPEH sells USD vs CZK, J&TB vice versa                                                                                                                |
| Value date                       | End of last interest period                                                                                                                            |
| <b>Interest payments</b>         |                                                                                                                                                        |
| Interest rate Period             | Semi annually                                                                                                                                          |
| Rates: CZK (NUPEH receives)      | CZK fix 5.90% pa 30/360                                                                                                                                |
| Rates: USD (NUPEH pays)          | USD fix 7.25% pa 30/360                                                                                                                                |
| Day count                        | 30E/360                                                                                                                                                |

More details regarding cross currency swap no. 2 are in the table below:

|         |                           |
|---------|---------------------------|
| Party A | J&T BANK („J&TB“)         |
| Party B | NUPEH CZ s.r.o. („NUPEH“) |

|                                  |                                                                                                                                                     |
|----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|
| Instrument                       | USD/CZK Cross currency swap                                                                                                                         |
| Purpose                          | hedge of currency and interest rate risk related to a new bond issue in CZK                                                                         |
| Market                           | OTC                                                                                                                                                 |
| Side                             | NUPEH borrows USD and pays USD fix coupon @6.45% pa 30E/360 s/a,<br>and lends CZK and receives CZK fix coupon @5.90% pa 30E/360 s/a J&TB vice versa |
| Currency pair                    | USD/CZK                                                                                                                                             |
| Tenor                            | 4.39 years                                                                                                                                          |
| Exchange rate                    | 21.230 (spot market rate)                                                                                                                           |
| Notional                         | 200,000,000 CZK                                                                                                                                     |
| <b>Initial notional exchange</b> |                                                                                                                                                     |
| volume, currency                 | 200,000,000 CZK                                                                                                                                     |
| Side                             | NUPEH buys USD vs CZK, J&TB vice versa                                                                                                              |
| Value date                       | June 30th 2021                                                                                                                                      |
| <b>Final notional Exchange</b>   |                                                                                                                                                     |
| Volume, currency                 | 200,000,000 CZK                                                                                                                                     |
| Side                             | NUPEH sells USD vs CZK, J&TB vice versa                                                                                                             |
| Value date                       | End of last interest period                                                                                                                         |
| <b>Interest payments</b>         |                                                                                                                                                     |
| Interest rate Period             | Semi annually                                                                                                                                       |
| Rates: CZK (NUPEH receives)      | CZK fix 5.90% pa 30/360                                                                                                                             |
| Rates: USD (NUPEH pays)          | USD fix 6.45% pa 30/360                                                                                                                             |
| Day count                        | 30E/360                                                                                                                                             |

More details regarding cross currency swap no. 3 are in the table below:

|            |                                                                             |
|------------|-----------------------------------------------------------------------------|
| Party A    | J&T BANK („J&TB“)                                                           |
| Party B    | NUPEH CZ s.r.o. („NUPEH“)                                                   |
| Instrument | USD/CZK Cross currency swap                                                 |
| Purpose    | hedge of currency and interest rate risk related to a new bond issue in CZK |
| Market     | OTC                                                                         |

|                                  |                                                                                                                                                        |
|----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|
| Side                             | NUPEH borrows USD and pays USD fix coupon @6.45% pa 30E/360 s/a,<br>and lends CZK and receives CZK fix coupon @5.90% pa 30E/360 s/a<br>J&TB vice versa |
| Currency pair                    | USD/CZK                                                                                                                                                |
| Tenor                            | 4.39 years                                                                                                                                             |
| Exchange rate                    | 21.230 (spot market rate)                                                                                                                              |
| Notional                         | 150,000,000 CZK                                                                                                                                        |
| <b>Initial notional exchange</b> |                                                                                                                                                        |
| volume, currency                 | 150,000,000 CZK                                                                                                                                        |
| Side                             | NUPEH buys USD vs CZK, J&TB vice versa                                                                                                                 |
| Value date                       | June 30th 2021                                                                                                                                         |
| <b>Final notional Exchange</b>   |                                                                                                                                                        |
| Volume, currency                 | 150,000,000 CZK                                                                                                                                        |
| Side                             | NUPEH sells USD vs CZK, J&TB vice versa                                                                                                                |
| Value date                       | End of last interest period                                                                                                                            |
| <b>Interest payments</b>         |                                                                                                                                                        |
| Interest rate Period             | Semi annually                                                                                                                                          |
| Rates: CZK (NUPEH receives)      | CZK fix 5.90% pa 30/360                                                                                                                                |
| Rates: USD (NUPEH pays)          | USD fix 6.45% pa 30/360                                                                                                                                |
| Day count                        | 30E/360                                                                                                                                                |

More details regarding FX swap are in the table below:

|               |                                                                            |
|---------------|----------------------------------------------------------------------------|
| Party A       | J&T BANK („J&TB“)                                                          |
| Party B       | NUPEH CZ s.r.o. („NUPEH“)                                                  |
| Instrument    | USD/CZK Foreign exchange swap                                              |
| Purpose       | hedge of currency risk related to an early redemption of bonds in CZK      |
| Market        | OTC                                                                        |
| Side          | Nupeh sells USD and buys USD and buys CZK and sells CZK<br>J&TB vice versa |
| Currency pair | USD/CZK                                                                    |
| Tenor         | 0, 5 years                                                                 |

|                                  |                                         |
|----------------------------------|-----------------------------------------|
| Exchange rate                    | 22,43 (spot market rate)                |
| Notional                         | 222,705,000 CZK                         |
| <b>Initial notional exchange</b> |                                         |
| volume, currency                 | 222,705,000 CZK                         |
| Side                             | NUPEH sells USD vs CZK, J&TB vice versa |
| Value date                       | April 28th 2023                         |
| <b>Final notional Exchange</b>   |                                         |
| Volume, currency                 | 222,705,000 CZK                         |
| Side                             | NUPEH buys USD vs CZK, J&TB vice versa  |
| Value date                       | October 27th 2023                       |

The company also realizes in CZK expenses of a common overhead nature, which, however, are not very significant.

The balances of monetary assets and liabilities denominated in CZK were as follows:

|                              | <b>30 June 2023</b>            |                                |                                | <b>31 December 2022</b>        |                                |                                |
|------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
|                              | <b>Denominate<br/>d in CZK</b> | <b>Denominate<br/>d in USD</b> | <b>Denominate<br/>d in EUR</b> | <b>Denominate<br/>d in CZK</b> | <b>Denominate<br/>d in USD</b> | <b>Denominate<br/>d in EUR</b> |
| <i>(in thousands of USD)</i> |                                |                                |                                |                                |                                |                                |
| Cash and cash equivalents    | 16                             | 72                             |                                | 44                             | 1,196                          | 1                              |
| Trade and other receivables  | 22                             | 3,900                          |                                | 64                             | 1,900                          | -                              |
| Loan provided                | -                              | 33,048                         |                                | -                              | 44,826                         | -                              |
| <b>Total assets</b>          | <b>38</b>                      | <b>37,020</b>                  |                                | <b>108</b>                     | <b>47,922</b>                  | <b>1</b>                       |
| Bonds issued                 | 37,612                         | -                              |                                | 45,910                         | -                              | -                              |
| Trade and other liabilities  | 60                             | -                              |                                | 76                             | -                              | -                              |
| <b>Total liabilities</b>     | <b>37,672</b>                  | <b>-</b>                       |                                | <b>45,986</b>                  | <b>-</b>                       | <b>-</b>                       |

#### (d) Interest rate risk

The Company is exposed to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes, but it may also reduce or cause losses in case of unexpected movements. The Company does not have floating interest rate financial assets and liabilities.

Financial information on interest bearing and non-interest bearing assets and liabilities and their

contractual maturity or re-pricing dates is as follows:

*(in thousands of USD)*

| <b>As at 30 June 2023</b>   | <b>To 1 year</b> | <b>1 to 5 year</b> | <b>Longer</b> | <b>Unspecified</b> | <b>Total</b>    |
|-----------------------------|------------------|--------------------|---------------|--------------------|-----------------|
| <b>Assets</b>               |                  |                    |               |                    |                 |
| Cash and cash equivalents   | 88               | -                  | -             | -                  | <b>88</b>       |
| Trade and other receivables | 3,900            | -                  | -             | -                  | <b>3,900</b>    |
| Provided loans              | 718              | 32,330             | -             | -                  | <b>33,048</b>   |
| <b>Total</b>                | <b>4,706</b>     | <b>32,330</b>      | <b>-</b>      | <b>-</b>           | <b>37,036</b>   |
| <b>Liabilities</b>          |                  |                    |               |                    |                 |
| Trade and other payables    | (17)             | -                  | -             | -                  | <b>(17)</b>     |
| Bonds issued                | (949)            | (36,663)           | -             | -                  | <b>(37,612)</b> |
| <b>Total</b>                | <b>(966)</b>     | <b>(36,663)</b>    | <b>-</b>      | <b>-</b>           | <b>(37,629)</b> |
| <b>Net cash flow</b>        | <b>3,740</b>     | <b>(4,333)</b>     | <b>-</b>      | <b>-</b>           | <b>(593)</b>    |

*(in thousands of USD)*

| <b>As at 31 December 2022</b> | <b>To 1 year</b> | <b>1 to 5 year</b> | <b>Longer</b> | <b>Unspecified</b> | <b>Total</b>    |
|-------------------------------|------------------|--------------------|---------------|--------------------|-----------------|
| <b>Assets</b>                 |                  |                    |               |                    |                 |
| Cash and cash equivalents     | 1,241            | -                  | -             | -                  | <b>1,241</b>    |
| Trade and other receivables   | 1,900            | -                  | -             | -                  | <b>1,900</b>    |
| Provided loans                | 2,885            | 41,941             | -             | -                  | <b>44,826</b>   |
| <b>Total</b>                  | <b>6,026</b>     | <b>41,941</b>      | <b>-</b>      | <b>-</b>           | <b>47,967</b>   |
| <b>Liabilities</b>            |                  |                    |               |                    |                 |
| Trade and other payables      | (28)             | -                  | -             | -                  | <b>(28)</b>     |
| Bonds issued                  | (875)            | (45,035)           | -             | -                  | <b>(45,910)</b> |
| <b>Total</b>                  | <b>(903)</b>     | <b>(45,035)</b>    | <b>-</b>      | <b>-</b>           | <b>(45,938)</b> |
| <b>Net cash flow</b>          | <b>5,123</b>     | <b>(3,094)</b>     | <b>-</b>      | <b>-</b>           | <b>2,029</b>    |

**(e) Operational risk**

Operational risk is the risk of loss from fraud, unauthorized activity, errors, omissions, inefficiency or system failure. This type of risk arises in all activities and is threatened by all business entities. Operational risk also includes legal risk.

The primary responsibility for applying control mechanisms for managing operational risks rests with the Company's management. The commonly used standards cover the following areas:

- Requirements for reconciliation and monitoring of transactions,
- Identification of operational risks within the control system,
- By obtaining an overview of operational risks, the Company creates the preconditions for determining and directing procedures and measures that will lead to the reduction of operational risks and to the adoption of decisions on:
  - Recognition of individual existing risks
  - Initiation of processes that will lead to the reduction of possible impacts; or
  - Narrowing the space to risky activities or their complete cessation.

The Company has established an audit committee.

The Company currently follows and complies with all requirements for the administration and management of the company, which are set out in generally binding legal regulations of the Czech Republic, in particular the Commercial Corporations Act.

**16 Related parties and their impact on the financial statements**

**(a) Controlling party**

The company NUPEH CZ s.r.o. is 100% controlled by the Shareholder NEW UKRAINE PE HOLDING LIMITED, located in 3022 Limassol, 16 Iouniou 1943, 9 Area A, Flat/Office 202, Republic of Cyprus.

**(b) Transaction with related parties**

As at 30 June 2023 and as at 31 December 2022, the Company reported the following unsettled balances with its related party:

*(in thousands of USD)*

|                                                                                  | <b>Debtor</b>                  | <b>30 June<br/>2023</b> | <b>31<br/>December<br/>2022</b> |
|----------------------------------------------------------------------------------|--------------------------------|-------------------------|---------------------------------|
| Provided loan                                                                    | NEW UKRAINE PE HOLDING LIMITED | 33,048                  | 44,826                          |
| Other receivables - related to<br>contribution outside the registered<br>capital | NEW UKRAINE PE HOLDING LIMITED | 3,900                   | 1,900                           |
| <b>Total</b>                                                                     |                                | <b>36,948</b>           | <b>46,726</b>                   |
| Out of that: short term                                                          |                                | 4,618                   | 4,785                           |
| Out of that: long term                                                           |                                | 32,330                  | 41,941                          |

All interest gain received from the provided loan was paid by the company NEW UKRAINE PE HOLDING LIMITED in the six months ended 30 June 2023: 1,831 thousand USD (in the six months ended 30 June 2022: 1,899 thousand USD).

**(c) Remuneration for key management**

The Company has no key employees. No remuneration or other benefits to members of the bodies of the Company were paid in the six months ended 30 June 2023 and year ended 31 December 2022 (besides the remuneration to audit committee – please refer to Note 13).

**17 Operating segments**

The management of the Company has evaluated the principle activity of the Company, which is to provide financing to its sole shareholder via an intra-group loan. The Company is effectively a special purpose vehicle entity with the aim to finance the sole shareholder, therefore the management of the Company determined that all activity creates only one reporting segment. Therefore, no operating segments were aggregated for the purposes of these financial statements.

Information presented in profit and loss statement, balance sheet and all disclosure remarks are all attributable to one reporting segment mentioned above.

**18 Contingent assets and contingent liabilities**

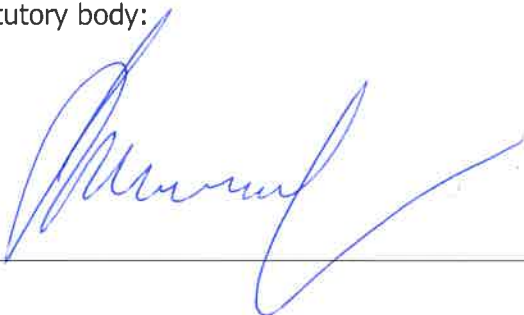
The Company does not have any legal suits that would give rise to contingent liabilities or contingent assets. No further circumstances are evidenced which meet the terms for publication of the contingent liabilities.

**19 Important events after the date of the financial statements**

The Company has evaluated subsequent events from the balance sheet date through the date at which the financial statements were issued.

In September 2023 the Company published a Notice of the early redemption of the Bonds, whereby the nominal amount of each Bond will be decreased from CZK 7,900 to CZK 6,550.

The early redemption of the bonds' face value together with a 1% penalty for early redemption amounted to CZK 141.2 mln and will be exercised on 30 October 2023.

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| Compiled on:<br>28.09.2023 | Signature of the statutory body:<br>Natalia Zolotarova<br> |
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